

CHARITY NO: SC027669
COMPANY NO: SCO184248

SCOTTISH BOOK TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

SCOTTISH BOOK TRUST

Report and Financial Statements for the Year Ended 31 March 2020

Contents

	Page
Reference and Administrative Information	1
Report of the Board of Trustees	2
Independent Auditor's Report	16
Statement of Financial Activities	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Accounts	22

SCOTTISH BOOK TRUST
Report and Financial Statements for the Year Ended 31 March 2020

Reference and Administrative Information

Trustees

Keir Bloomer
Andy Marchant
Hilde Frydnes
Laura van der Hoeven
Morag Dunlop
Udita Banerjee
Pippa Johnston
Sandy Richardson

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 (Audit) Ltd
Chartered Accountants
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 2020

The Trustees present the annual report and financial statements for the year ended 31 March 2020. 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. The legal and administrative information on page 1 forms part of this report.

Chair's Report

2019-20 saw another year of achievement for Scottish Book Trust across the considerable and evolving span of our charitable activities. Of particular note was the securing of funding for Arts Alive, a programme central to the new cultural strategy, published by the Scottish Government at the beginning of 2020. Allowing schools and pupils to access single sessions or year-long residencies by top practitioners across all art forms, this programme builds on our Live Literature model, and will be delivered in partnership with Scotland's National Companies.

Authors Live, our broadcast collaboration with BBC, celebrated its own 10 year anniversary with a special Michael Rosen event in March, attracting audiences of over 11,000 children from schools across Scotland. Thirty three Authors live broadcasts from the past 10 years are now available to watch on demand until March 2021 on the BBC iPlayer. To date they have been viewed over 35,000 times.

Our contribution to Scottish education's focus on improving attainment, funded by the Scottish Government, developed apace. While the First Minister's Reading Challenge programme was extended. Over 33% and 55% of primary and secondary schools (respectively) took part. Our 'Reading Schools' pilot, which supports the building of a reading culture in schools, went from strength to strength and is now being extended, with the aim of making this a national scheme in the future. Meanwhile, we developed Bookzilla, an exciting new reading app for secondary school pupils.

Book Week Scotland 2019 was another unqualified success, featuring over 700 events and reaching 300,000 people of all ages in partnership with over 100 organisations, including Scottish Library services, with support from SLIC.

In 2019-20, 14 writers completed their initial year on the New Writers Awards programme, and a further 13 writers started the programme in January 2020. 11 out of the 14 writers received notes of interest from agents and publishers following on from the Showcase event and distribution of our annual New Writing Sampler. One 2020 awardee has signed with an agent they met at the Showcase event in January 2020. 17 titles by 15 former New Writers Awards were published during this period.

As part of our strategic focus on reaching those in some of Scotland's most deprived areas, funding from the Walter Scott Giving Group provided 10 author residencies in targeted schools and our Scottish Government funded Digital Storytelling programme gave a voice to some of the marginalised, working with over 70 community groups in five local authorities.

In 2019 our Early Years team developed and launched our Bookbug App which rapidly reached over 1 million downloads of songs and rhymes for young children. In a user survey 88% of respondents who were parents/carers or grandparents said Bookbug's Songs and Rhymes app helped them sing and rhyme more with their little ones. New content included Gaelic, Scots and Makaton videos. Meanwhile, over 1,640 new families benefited from *Bookbug for the Home* sessions, the charity's targeted outreach programme that supports families affected by barriers including social isolation and poverty.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

In 2019-20, work continued on a whole-organisation outcomes framework alongside a strengthening of processes around individual programme evaluation. We appointed a fixed-term Research & Evaluation Manager to support the Head of Research and Evaluation as our work to embed a consistent approach to monitoring and evaluation across our programmes, continues to develop.

During 2019-20 we also strengthened digital and marketing operations at Scottish Book Trust by developing a new CRM system, and by launching a new website.

Our commitment to diversity and equality during this period remained strong, as expressed in our programming, our programming relationships, and the steps we have taken to strengthen our Board's diversity.

We made good progress with our fundraising strategy, meeting our annual target and creating an exciting new individual donors scheme. We are also proud to have hit our audience targets, reaching well over 3m people in Scotland with our charitable services.

In all our achievements this year, we championed creativity, self-expression, equality, and personal fulfilment, and strived to deliver the highest quality and most impactful programmes of work.

Keir Bloomer
Chairperson

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

Objectives and activities

Scottish Book Trust is a national charity which aims to change lives through reading and writing. The charity champions the benefits of reading and writing for pleasure and works towards a Scotland where everyone has an equal opportunity to thrive through literacy. The charity seeks to build and sustain a Scotland where everyone values and understands the power of reading and writing to transform lives. We believe in and 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. Scottish Book Trust champions 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 fully-funded 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 reviews performance against the priorities identified in year two of Scottish Book Trust's 2018-2021 Business Plan. The charity's annual target to reach 3.1 million people with our programmes was exceeded, as we reached 3.7m in August 2019 through the work of our programmes and digital resources.

Monitoring and evaluation

The diverse nature of Scottish Book Trust's programmes demands a tailored approach to the evaluation of impact. In some programme areas quantitative outputs are identified and measured (e.g. numbers of books delivered or sessions held) and in others, deeper impacts and more complex outcomes are achieved through targeted work with specific groups (and tracked for example through case studies or attitudinal surveys). The charity also commissions programme-specific independent evaluation reports. For example, [Digital Storytelling](#) and the [First Minister's Reading Challenge](#).

In 2019-20, work continued on a whole-organisation outcomes framework alongside a strengthening of processes around individual programme evaluation. We appointed a fixed-term Research & Evaluation Manager to support the Head of Research and Evaluation as our work to embed a consistent approach to monitoring and evaluation across our programmes, continues to develop.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

Key achievements during 2019-20

Over the last year, Scottish Book Trust has developed existing programmes as well as delivering new programmes which have significantly enhanced the reading and writing landscape of Scotland. These fall in to four key themes:

1. Building a reading culture

Schools Programmes

Scottish Friendly Children's Book Tour

We deliver this hugely successful programme, which has now been sponsored by Scottish Friendly for 21 years and takes the very best children's authors directly into schools across Scotland and parts of the UK. In 2019-20, over 11,000 pupils country-wide enjoyed author visits. The tour visited Wales for the first time with storyteller Mara Menzies. We also delivered a public event with Joseph Coelho and worked closely with our sponsor to bring the touring programme to life by hosting a pop-up book shop in their office in December.

Authors Live

Delivered in collaboration with BBC Scotland, this annual programme gives schools, libraries and families, access to children's author and illustrator events live on the web. In 2019-20, over 85,700 children viewed the Authors Live series of programmes that included sessions with Kwame Alexander, an LGBTQ+ Poetry event and a Scot's and Gaelic language event with James Robertson and Catriona Lexy Campbell, which was then broadcast on BBC Alba and the IPlayer. Poet Michael Rosen, who appeared on the first two Authors Live events returned to celebrate the 10th anniversary of the programme. Thirty three Authors live broadcasts from the past 10 years are now available to watch on demand until March 2021 on the BBC IPlayer. To date they have been viewed over 35,000 times.

First Minister's Reading Challenge

The First Minister's Reading Challenge encourages children to read for pleasure, develop a love of reading and helps schools build positive reading cultures. The challenge is open to primary schools, secondary schools, libraries and community groups. Over 33% and 55% of primary and secondary schools (respectively) took part.

In August 2019 we launched a new app (*Bookzilla*), which we co-designed with young people, to help young adults (secondary school pupils) identify, review and recommend books. The app has been downloaded over 3,500 times.

Reading Programmes: Inspiring Readers – Young and Old

Book Week Scotland

Delivered in collaboration with funded partners, schools, libraries and community groups, Book Week Scotland is an annual Scotland-wide week-long celebration of books and reading. In 2019-20, libraries continued to be the backbone of the week delivering nearly 700 events during Book Week Scotland. Additional partners put on another 165 events. Overall audiences for Book Week Scotland events numbered 75,000 people. Event highlights included Dean Atta in conversation with members of the LGBT club from Craigmyle High School, a networking event for the Scottish BAME Writers network, Jack Monroe touring community centres in West Dunbartonshire on the mobile library, our first Supermarket tour with Helen Fields, Kerry Hudson on tour round FE college and University Libraries and Ian Rankin in Conversation with Stuart McBride as a live stream for the Digital festival.

Schools reported that 30,000 people took part in Book Week Scotland while 532 Bookbug sessions were held.

We gifted 100,000 copies of the free *Blether* book during the week and used some of the stories to trial using reading and listening to short stories to combat workplace stress with the Communication Workers Union.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

Digital Storytelling

Having completed the Digital Storytelling residencies, we initiated a new relationship with Macmillan Cancer Support to use digital storytelling to support people living with cancer to share what matters most to them about their experiences

Reading is Caring

In 2019-20 we completed our commitment to the Reading Friends programme and building on our learning from working with older people, we designed and funded a pilot programme which will explore shared reading as a methodology to enable people living with dementia and their carers to maintain their personal relationships and support their own mental health.

2. Building a writing culture

Writing Programmes

New Writers Awards

In 2019-20, 14 writers completed their initial year on the New Writers Awards programme, and a further 13 writers started the programme in January 2020. 11 out of the 14 writers received notes of interest from agents and publishers following on from the Showcase event and distribution of our annual New Writing Sampler. One 2020 awardee has signed with an agent they met at the Showcase event in January 2020. 17 titles by 15 former New Writers Awards were published during this period.

Arts Alive

In November 2019, we secured funding from the Scottish Government for the Arts Alive pilot programme, to be delivered by Scottish Book Trust in partnership with the National Performing Arts Companies. This pilot will expand the established, successful model of Live Literature to four new art forms (dance, theatre, opera and music). Arts Alive will bring artists from the National Companies into schools for part-funded events and fully-funded residencies. Arts Alive will connect young people with professional, high quality arts experiences and pay freelance artists for their work. The programme was announced in the Scottish Government's Culture Strategy in February 2020 and builds Scottish Book Trust's resilience as an organisation.

A key component of the Live Literature model is that host organisations choose authors from an extensive online author directory; Arts Alive will have a separate Artist Directory to showcase the skills and experience of artists from each National Company. This gives schools ownership of the event and supports them to make the most of their funding. This directory has been commissioned and built for the Scottish Book Trust website in Spring 2020.

Schools will be able to filter artists by which age group they can work with, local areas they can work in and types of events they can deliver. The Artist Directory has two pieces of learning from Live Literature Residency programmes at its heart. The first is an 'audiences' filter to help connect learning professionals with artists who can work with young people with additional needs. The second is an emphasis on inclusive artist nominations with National Companies to ensure the programme has a diverse cohort of artists delivering events.

Outstanding Contribution to Children's Books

In March 2020, the Scottish Book Trust's Outstanding Contribution to Children's Books Award was bestowed on Matthew Fitt. Matthew is a novelist, poet and co-founder of the ItchyCoo Books imprint. As the former National Scots Language Development Officer, he visited over a thousand schools and libraries across Scotland and he has translated Harry Potter and Asterix into Scots. The Eejits, his Roald Dahl translation reached number one in the Waterstone's charts.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

3. Promoting equality

Targeted interventions through the Early Years Programme

Bookbug for the Home

In 2019-20 there were 428,441 parent and child attendances at over 16,167 Bookbug Sessions in libraries and community settings across Scotland. Over 1,640 new families benefited from *Bookbug for the Home* sessions, the charity's targeted outreach programme that supports families affected by barriers including social isolation and poverty. These sessions promote bonding, social skills and early literacy in the home.

Bookbug app

In 2019-20 the Bookbug app, a digital song and rhyme resource to reinforce the learning experiences gained at Bookbug sessions and to support families on the go, had over 29,000 downloads. Over 1.3 million songs and rhymes were listened to by families. In a user survey 88% of respondents who were parents/carers or grandparents said Bookbug's Songs and Rhymes app helped them sing and rhyme more with their little ones. New content included Gaelic, Scots and Makaton videos.

Family Nurse Partnerships – Supporting Young Parents

In 2019-20 we worked with young parents from 60 families via Family Nurse Partnership teams in Tayside and Glasgow. FNP practitioners showed families the Bookbug app and encouraged them to download it as part of their sessions. Feedback from Family Nurses indicated that younger parents preferred to access songs and rhymes on the Bookbug app and that parents went on to try singing and talking to their babies pre-birth, grew in confidence and developed understanding of their baby's response to their voice.

Looked after Children

Working in collaboration with the Dolly Parton Imagination Library, Scottish Book Trust provides targeted support for Looked after Children and their caregivers. Grant funding from Scottish Government enables the charity to provide a free book every month to all looked after and adopted children in Scotland up to the age of five. Having access to their own personal library encourages caregivers to read regularly to the children, forming attachments and improving children's social and literacy skills. In 2019-20 we reached 77% of eligible children and are working closely with local authorities to increase this take up over the coming year.

Targeted interventions through the Writing Programme

Live Literature Residencies

In 2019-20, the charity secured funding from the Walter Scott Giving Committee to provide targeted support to schools in areas of high deprivation or lacking opportunities due to location. 10 schools were granted fully funded author residencies. Nearly 400 pupils experienced, and enjoyed, these sessions which were developed to suit their needs and interests

Targeted interventions through the Reading Programme

Book Week Scotland

The Emerging Programmers strand to Book Week Scotland supports new literary programmers to develop and deliver events for their communities. We support programmers who might not otherwise have a route into literary programming to programme for their peers. This year's emerging programmers included a young writer of colour putting on an event to showcase the work of her peers, an initial professional networking event for the Scottish BAME Writers Network, a young traveller mum putting on a family reading day and a multicultural community group putting on a community meal to test recipes and stories for a comic book cook book.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

4. Professional leadership and development

National training programmes

Scottish Book Trust delivers a broad and diverse number of training and development sessions to professionals working across Scotland.

Early Years: Scottish Book Trust offers courses to professionals working across the early year's sector, from health, education and social work professionals, to libraries and third-sector partners. In 2019-20, the charity trained 2,459 individual professionals and 208 individuals engaged with Bookbug Shared Practice sessions. Shared practice events were held in Glasgow, Dundee, Edinburgh and Highland Councils.

Schools Communities Programme: In 2019-20, over 117,000 pupils in primary, secondary and ASN schools across Scotland, participated in events delivered by the charity's School Programme. Every child in primaries 1-3 (195,000) received a Bookbug P1 Family Bag, P2 Read Write Count or P3 Read Write Count bag of books and learning materials. Additionally, 33% of primary schools and 55% of secondary schools in Scotland participated in the First Minister's Reading Challenge. A further 39 Schools in Forth Valley and West Lothian took part in the Reading Schools accreditation scheme pilot.

During this period, the charity's website resources section for teachers and librarians generated over 30,000 downloads of classroom, library and school resources. A separate website for The First Minister's Reading Challenge has over 50 unique resources, with a further 100 blogs, book lists and case studies to support schools, libraries and community group participation in the programme.

Over 100 training events were delivered to over 2,500 participants, including teachers, librarians, parents/carers and other learning professionals. The majority of training was delivered in-person but 2019-20 also saw training being delivered remotely via Zoom, allowing participants to receive the benefits of training no matter their geographical location.

Writer Development: In 2019-20, over 14 writers benefitted from the training and mentoring offered through the New Writers Awards, and a further 20 individuals were supported through other associated writing programmes. During 2019-20, 10 writers participated in training offered through our Industry Labs programme.

Reader Development/Adult Literacy: During 2019-20, we partnered with OpenBook to enable participation in our Blether story project with all of their groups. This includes groups working in prison, multicultural groups, support groups for homeless people, people in recovery, people living with cancer and adult learners. Amongst the outputs of this work was the first inclusion of a piece written in Arabic in our annual Book Week Scotland book.

Plans for the future

Having significantly developed the charity's programmes, partnerships and national reach over the previous year, in 2020-21, Scottish Book Trust will build on these foundations to engage with 3.8 million people of all ages, in Scotland, annually. The charity will continue to pursue its strategic aims:

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 implement organisational strategies to promote a sustainable future for Scottish Book Trust.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

Key pieces of work for 2020-21 include:

- Further development of the Bookbug Song and Rhyme App to reach more of Scotland's families by increasing Scots and Gaelic content, and content in other languages, including new BSL content
- Developing the *Bookzilla* app to further extend the reach of the First Minister's Reading Challenge programmes and to provide book recommendations for pupils in upper primary classes as well as teenage readers
- Developing Book Week Scotland's outreach work to support participation from new audiences and grow capacity in targeted and currently underrepresented communities
- Launching Reading is Caring, a new reading programme which will support adults living with dementia and their carers, by using books and reading to aid health and wellbeing
- Launching the new Arts Alive programme which will bring dance, theatre, opera and music artists from the National Companies into schools for part-funded events and fully-funded residencies
- Establishing an Equalities, Diversity and Inclusion Advisory Panel to help inform the charity's EDI Working Group priorities.
- 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 the charity's work
- Launching the charity's cross-organisation Evaluation Framework and Research Hub
- Extending the Reading Schools pilot into all schools in the Forth Valley and West Lothian Regional Improvement Collaborative clusters
- Use new funding to launch a project to provide tactile books to children in Additional Support Needs schools
- Liaise with Scottish Government, Education Scotland and SQA to deliver a Scots Language Conference in 2021.
- Establishing a Digital Working Group to agree digital priorities and implement the charity's digital strategy.

Enablers

In order to realise these aims Scottish Book Trust will:

- Initiate a new Payment Gateway, compatible with the charity's website and Contact and Relationship Management database (CRM), thereby improving the efficiency of fundraising efforts, as well as generating new donor data for analysis and strategic engagement.
- Continue to drive forward the charity's digital and social media strategy, to support our organisational aim to become a digital leader in our field and extend our digital reach to new audiences
- Implement the next phase of the charity's Fundraising Strategy by continuing to grow individual donor supporters and by developing and launching a National Fundraising Campaign.
- Create a comprehensive marketing strategy to feed into business plan 2021/24 to progress organisational objectives, including audience development to win new audiences that support our commitment to equality and diversity (ongoing)

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

Financial review

Total year-end funds are in line with last year's at £2.4m (2019: £2.6m). Unrestricted income has increased this year due to an increase in unrestricted donations and the in-kind donation from Google Advertising. The Creative Scotland Regular Funding makes up the majority of the unrestricted income which pays for core staffing and operations, as well as for specific programmes. The £23k excess of unrestricted costs over income reflects expenditure in the current year on development of our new CRM database and website and is also reflected in the increase to our intangible assets in the balance sheet. These strategically important projects will build Scottish Book Trust's future sustainability, as well as significantly improving the charity's performance and capacity. The remainder of the designated reserve is expected to be spent in the year 2020-21.

The £683k decrease in restricted income reflects a number of Scottish Government funded projects reaching a successful conclusion across our attainment programme, digital storytelling and development of the Bookbug Song and Rhyme App. The reduced expenditure also relates to reduced programme activity in these areas. Additional unrestricted income has been received to support the launch of the new Arts Alive programme. The carried forward restricted fund of £1.8m, represents funding received in advance for programmes where book stocks and other resources must be purchased ahead of programme delivery. See Note 20 to the Accounts for further detail on restricted funds carried forward for expenditure in the following year.

Income sources during 2019-20 were as follows:

Scottish Government	67%
Creative Scotland – Regular Funding	18%
Creative Scotland – Programme Funding	4%
Other grants	1%
Earned income (Live Literature)	3%
Donations & Sponsorship	4%
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. Since there are also 8 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.

Based on budgeted expenditure in 2019-20, we need approximately £488,000 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 project, general reserves amounted to £415k. This is a shortfall in our target general reserves of £73k.

In order to manage the risks to the charity in the coming year, the Board will endeavour to meet the target level for unrestricted funds whilst not compromising on delivery of the charity's strategic aims.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

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 and maintenance 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 income from one or more of our major funders
- **Independence risk:** Scottish Book Trust's charitable and/or financial independence is compromised by insufficiently diversified income streams
- **Key partner risk or 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 our range of stakeholders and partners to embrace a wide variety of local and national organisations and interests
- Support advocacy for public and school libraries, local authority partnerships

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

Impact of coronavirus

Overall, the charity is in good health and has reacted swiftly and well to the crisis. Since entering lockdown, Scottish Book Trust has made a number of changes to delivery of its programmes and events, moving much of this online. Lockdown has shown that the need for our work has never been greater. In the first three months of lockdown we have worked with charities, food banks and publishers to distribute books and resources to families in need across Scotland through our Urgent Children's Book Appeal. Thanks to the generosity of our supporters, 65,000 books and fun learning activities have been delivered to children and families the length and breadth of the country, from Shetland to the Borders.

Our existing digital capability and presence has been integral to supporting the charity in the immediate lockdown period and will continue to play a key role into the future. Programmes and events have had to adapt quickly and reach audiences in different ways. Our staff have been pro-active and creative, adjusting well to new ways of working from home. While challenging, the situation has also created opportunities to further build our communities. We have focused on delivering valuable, useful information and resources across audience groups via our social channels, website, newsletters, and media relations. Across the site we've had over 150,000 video play interactions, 26,000 Soundcloud play interactions and almost 18,000 file downloads (of which 11,800 were learning resources). Compared to the previous three-month period, audio play interactions have increased by 45%; downloads by almost 80%; and video play interactions by 537%.

Examples of our activity include:

- Our Home Activities Hub launched at the end of March.
- Our Facebook live Bookbug Sessions every Friday with up to 500 live participants, and 21,000 follow up views.
- Our young writers programme delivered a digital event Storycon, with 450 participants.
- Launching a Live Literature Remote Fund. We received 110 applications for the fully funded remote sessions and awarded 55 sessions.
- We have worked closely with our sponsors, Scottish Friendly, to launch a digital version of our children's book tour.
- Our webinar approach offering professional development for teachers (CLPL) has been really well received and we will continue with this method of delivery in the new school term.
- We repurposed our Authors Live content to create Authors Live on Lockdown, which has had almost 60,000 page views altogether, an 821% increase on the previous three-month period.
- Book Week Scotland, due for delivery in November, has been redesigned following consultations with our partners and will offer a mixture of socially distanced community activity complemented by an enhanced SBT curated digital festival.
- We have conducted eight weekly surveys, with our volunteer panel of readers, to record experiences about what it has been like to live through this time and investigate how reading has supported them. The National Library of Scotland has been in touch to express interest in archiving the research.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

Our plan is to continue with digital activity until autumn 2020 and we will work with our partners to gradually reintroduce face-to-face events in line with Scottish Government guidance. We have demonstrated there is a demand for online activities and our capability to deliver this. We anticipate that going forwards our offering will be a blend of face-to-face and online activities depending on the needs of our partners.

Throughout lockdown, there have been regular meetings between the Board and Senior Management team. The CEO has also been participating in regular meetings with Scottish Government officials and Creative Scotland. The budget and reserves policy have been thoroughly reviewed by the Finance committee and Board to assess the impact of coronavirus and we will continue to monitor changes closely over the coming months. The 2020-21 budget has projected unrestricted reserves of £423k which is 87% of the reserve target of £488k. A number of projects will only progress if funding is secured and further adjustments may be needed to expenditure should fundraising prove difficult in the current economic climate. Support from funders has been extremely positive with many allowing for funds to be used for organisational priorities and offering support to our public appeal.

The next few years offers a challenging operating environment for SBT, with a probable reduction in funds publicly available. However, there will never be a greater need for our services. To prepare for and address this we are already doing the following:

- Continuing to monitor our 2020-21 budget and fundraising plan, taking into account the impact of coronavirus.
- Developing the skills to fundraise successfully is a key priority and we have recruited two additional trustees to the Board with fundraising expertise and expanded our fundraising team.
- We implemented a successful short-term fundraising appeal, which enabled the distribution of overstock to families in need.
- Continuing to develop our plans for a national fundraising campaign in 2020-21.
- Continuing to develop our digital capacity and capability through the work of our digital development group, with the aim of underlining SBT's leading position in online content.
- Investigating the monetisation of certain services, such as in our training programme and Early Years App content.
- Reassessing and initiating new HR/working practices in the light of Covid-19 experience.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

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 2020 and since, were as follows:

Keir Bloomer

Professor Willy Maley (resigned 31/08/2020)

Catherine Smith (resigned 28/5/2020)

Rebekah Widdowfield (resigned 23/6/2020)

James Saville (resigned 11/4/2019)

Andy Marchant

Hilde Frydnes

Laura van der Hoeven

Morag Dunlop

Stuart Sinclair (appointed 3/9/2019, resigned 26/2/2020)

Udita Banerjee (appointed 23/6/2020)

Pippa Johnston (appointed 23/6/2020)

Sandy Richardson (appointed 23/6/2020)

The skills and expertise of Board members in the fields of finance, education, literature, marketing, 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. 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 usually meets quarterly. There is also a quarterly finance sub-committee for financial management and monitoring. 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 (until 27th February 2020), and Alison Bunn (from 17th February 2020), the Director of Programme, Rosemary Ward and the Director of Marketing & Communications, Sarah Bailey.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2020

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 4 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. A periodic benchmarking exercise is carried out along with one conducted 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 1st September 2020 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 2020**

Opinion

We have audited the financial statements of Scottish Book Trust (the 'charitable company') for the year ended 31 March 2020 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 2020, 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 2020**

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 15, 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.

**SCOTTISH BOOK TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
SCOTTISH BOOK TRUST
FOR THE YEAR ENDED 31 MARCH 2020**

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

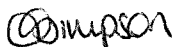
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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 (Audit) Limited, Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset (Audit) Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

15th September 2020

SCOTTISH BOOK TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2020

(Including an Income and Expenditure account)

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Income and endowments from:							
Donations and grants	5	920,388	0	920,388	876,787	0	876,787
Charitable activities	6	0	3,912,383	3,912,383	0	4,595,050	4,595,050
Investments – Bank Interest	7	3,545	0	3,545	4,032	0	4,032
Other	8	2,820	0	2,820	200	0	200
Total Income		926,753	3,912,383	4,839,136	881,019	4,595,050	5,476,069
Expenditure on:							
Raising funds	9	167,378	0	167,378	133,252	0	133,252
Charitable activities	11	823,063	4,028,567	4,851,630	884,982	4,475,380	5,360,362
Total Expenditure		990,441	4,028,567	5,019,008	1,018,234	4,475,380	5,493,614
Net expenditure/(income)		(63,688)	(116,184)	(179,872)	(137,215)	119,670	(17,545)
Transfers between funds		41,000	(41,000)	0	120,600	(120,600)	0
Net movement in funds	20	(22,688)	(157,184)	(179,872)	(16,615)	(930)	(17,545)
Total funds brought forward	20	543,518	2,041,131	2,584,649	560,133	2,042,061	2,602,194
Total funds carried forward	20	520,830	1,883,947	2,404,777	543,518	2,041,131	2,584,649

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 2020

	Note	Total Funds 2020 £	Total Funds 2019 £
Fixed assets:			
Tangible assets	15 (a)	2,582	11,348
Intangible assets	15 (b)	77,742	59,978
Current assets:			
Investments	16	100,000	100,000
Stocks	17	608,823	702,900
Debtors	18	167,467	167,734
Cash at bank and in hand	23	1,747,477	2,005,589
Total Current Assets		<u>2,623,767</u>	<u>2,976,223</u>
Current Liabilities:			
Creditors falling due within one year	19	299,314	462,900
Net Current Assets		<u>2,324,453</u>	<u>2,513,323</u>
Total Net Assets		<u><u>2,404,777</u></u>	<u><u>2,584,649</u></u>
The funds of the charity:			
Restricted income funds	20	1,883,947	2,041,131
Unrestricted funds	20	520,830	543,518
Total Charity Funds		<u><u>2,404,777</u></u>	<u><u>2,584,649</u></u>

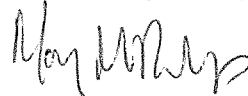
These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

Approved by the Trustees on 1st September 2020 and signed on their behalf by:

Name: Keir Bloomer



Name: Morag Dunlop



Company Number: SCO184248

SCOTTISH BOOK TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 31 MARCH 2020

	Note	Total Funds 2020 £	Total Funds 2019 £
<i>Cash flows from operating activities:</i>			
Net cash (used in)/provided by operating activities	22	(228,345)	313,226
<i>Cash flows from investing activities:</i>			
Interest received	7	3,545	4,032
Purchase of Investments	16	-	-
Development of Intangibles	15 (b)	(33,312)	(38,008)
		(29,767)	(33,976)
Net cash (used in) investing activities		(29,767)	(33,976)
Change in cash and cash equivalents in the year		(258,112)	279,250
Cash and cash equivalent brought forward		2,005,589	1,726,339
Change in cash and cash equivalents		(258,112)	279,250
Cash and cash equivalents carried forward	23	1,747,477	2,005,589

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

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), 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) 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.

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 2020

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 (f) 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. 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

h) 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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

i) Stock

Stock held for distribution to beneficiaries is valued at cost less any provision for obsolescence.

j) 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.

k) 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.

l) 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.

m) Employee Benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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 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:

- 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.

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

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. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. 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.

4. 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 (2019: £nil). Expenses paid to the Trustees in the year totalled £457 (2019: £146). These expenses comprised reimbursement of two Trustees' travel costs. During the year Trustees waived their right to claim expenses of £408 (2019: £200). During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2019: none).

5. Income from donations and grants

	2020	2019
	£	£
Donations	36,331	14,667
In kind donations	24,057	2,120
General grants – Creative Scotland Regular Funding	860,000	860,000
	<u>920,388</u>	<u>876,787</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

6. Income from charitable activities

	2020 £	2019 £
Writing Communities & Live Literature Events	360,110	245,400
Schools Communities Programme	87,993	158,192
Reading Communities Programme	311,643	684,858
Early Years Programme	1,829,229	1,937,977
Attainment programme	1,323,408	1,568,623
	<u>3,912,383</u>	<u>4,595,050</u>

7. Investment income

	2020 £	2019 £
Interest on all cash deposits held during the year	<u>3,545</u>	<u>4,032</u>

8. Other income

	2020 £	2019 £
Other Income	<u>2,820</u>	<u>200</u>

9. Cost of raising funds

	Direct Costs £	Support Costs £	Total 2020 £
Staff time, cost of events and marketing	56,090	111,288	167,378

	Direct Costs £	Support Costs £	Total 2019 £
Staff time, cost of events and marketing	47,053	86,199	133,252

10. 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 2020 £	Governance related £	Other support costs £	Basis of apportionment
Staff costs	603,484	8,270	595,214	Staff time
Office rental and costs	264,735	3,299	261,436	Staff time
Repairs	47,969	657	47,312	Staff time
Depreciation	24,314	333	23,981	Staff time
Total	<u>940,502</u>	<u>12,559</u>	<u>927,943</u>	

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

10. Allocation of governance and support costs (contd)

Cost type	Total Allocated 2019 £	Governance related £	Other support costs £	Basis of apportionment
Staff costs	612,489	8,750	603,739	Staff time
Office rental and costs	221,027	3,128	217,900	Staff time
Repairs	61,072	872	60,199	Staff time
Depreciation	9,526	136	9,390	Staff time
Total	904,114	12,886	891,228	

	2020 £	2019 £
Governance costs:		
Trustee expenses	457	146
Auditor's remuneration	4,006	3,890
Support costs (see above)	12,559	12,886
Total	17,022	16,922

Breakdown of governance and other support costs by activity

	Support Costs £	Governance £	2020 Total £
Raising Funds	111,289	-	111,289
Writing Communities	97,075	2,023	99,098
Schools Communities	122,532	2,554	125,086
Reading Communities	151,044	3,148	154,192
Early Years Programme	271,200	5,653	276,853
Attainment Programmes	174,803	3,644	178,447
Total	927,943	17,022	944,965

	Support Costs £	Governance £	2019 Total £
Raising Funds	86,199	-	86,199
Writer Development	96,320	2,024	98,344
Schools Programme	118,869	2,499	121,368
Reader Development	146,896	3,088	149,984
Early Years	269,310	5,661	274,971
Attainment Programmes	173,634	3,650	177,284
Total	891,228	16,922	908,150

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

11. Analysis of expenditure on charitable activities

	Writer Dev (incl. Live Lit) £	Schools Programme £	Reader Development £	Early Years Programme £	Attainment Programmes	2020 Total £
Staff costs	132,957	135,902	131,473	353,438	354,026	1,107,797
Direct programme costs	355,028	65,369	193,176	1,058,904	699,042	2,371,520
Office and administration costs	130	838	1	43,926	7,227	52,122
Travel & subsistence	68,336	21,128	14,116	22,378	16,992	142,950
Irrecoverable VAT	2,475	1,035	11,532	115,539	104,015	234,596
Marketing & publicity	776	1,411	1,233	13,567	3,755	20,743
Other costs	4,731	520	39,240	22,228	21,506	88,226
Governance costs (note 9)	2,023	2,554	3,148	5,653	3,644	17,022
Support costs (note 9)	97,075	122,532	151,044	271,200	174,803	816,654
	663,532	351,290	544,964	1,906,834	1,385,010	4,851,630

	Writer Dev (incl. Live Lit) £	Schools Programme £	Reader Development £	Early Years Programme £	Attainment Programmes	2019 Total £
Staff costs	136,702	157,363	132,594	365,754	236,000	1,028,413
Direct programme costs	373,473	118,518	395,076	1,099,854	838,686	2,825,607
Office and administration costs	2,242	5,100	527	45,297	5,832	58,998
Travel & subsistence	86,888	30,815	16,731	36,510	24,432	195,376
Irrecoverable VAT	3,605	4,259	15,012	123,534	139,594	286,004
Marketing & publicity	2,944	693	837	4,541	6,293	15,308
Other costs	128	3,759	44,748	12,364	67,706	128,705
Governance costs (note 9)	2,024	2,499	3,088	5,661	3,650	16,922
Support costs (note 9)	96,320	118,869	146,896	269,310	173,634	805,029
	704,326	441,875	755,509	1,962,825	1,495,827	5,360,362

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

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

	2020	2019
	£	£
Salaries and wages	1,489,626	1,428,089
Social security costs	136,291	126,097
Employer contributions to defined contribution pension scheme	141,453	132,632
Total staff costs	<u>1,767,370</u>	<u>1,686,818</u>

The charity made £141,453 of contributions to the pension plan operated by Legal & General on behalf of the employees (2019: £132,632). For more information about the pension contributions refer to note 1(n)

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

	2020	2019
	No.	No.
£80,000 - £89,999	1	1

Key Management Personnel

Total key management personnel remuneration was £287,290 (2019: £245,476).

	2020	2019
	No.	No.
The average monthly number of persons, by headcount employed by the charity during the year was:	<u>59</u>	<u>58</u>

13. Net income for the year

This is stated after charging:	2020	2019
	£	£
Depreciation	8,766	9,526
Amortisation of intangible assets	15,548	-
Auditor's remuneration: Audit Fees	4,006	3,890

14. Government Grants

Income from government grants comprises amounts received from the Scottish Government, Creative Scotland, SLIC and City of Edinburgh Council. These amounts totalled £4,375,471 in the year (2019: £4,956,106).

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

15. Fixed Assets

(a) Tangible Fixed Assets

	Tenant's Improve- ments	Computer Equipment	Other Office Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2019	55,009	101,198	8,760	18,999	183,966
Additions	0	0	0	0	0
Disposals	0	(69,568)	0	0	(69,568)
At 31 March 2020	55,009	31,630	8,760	18,999	114,398
Depreciation					
At 1 April 2019	48,411	101,198	8,759	14,250	172,618
Charge for the year	4,017	0	0	4,749	8,766
Eliminated on disposals	0	(69,568)	0	0	(69,568)
At 31 March 2020	52,428	31,630	8,759	18,999	111,816
Net book value					
At 31 March 2019	6,598	0	1	4,749	11,348
At 31 March 2020	2,581	0	1	0	2,582

(b) Intangible Fixed Assets

	Assets under Development	Software and Website
	£	£
Cost or valuation		
At 1 April 2019	59,978	-
Additions	33,312	-
Disposals	-	-
Transfers	(93,290)	93,290
At 31 March 2020	-	93,290
Amortisation		
At 1 April 2019	-	-
Charge for the year	-	15,548
Eliminated on disposals	-	-
At 31 March 2020	-	15,548
Net book value		
At 31 March 2019	59,978	-
At 31 March 2020	-	77,742

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

16. Investments

Represents investment of cash balances with a maturity date of less than one year but more than three months after the balance sheet date.

17. Stock

	2020	2019
	£	£
Books and other resources	<u>608,823</u>	<u>702,900</u>

18. Debtors

	2020	2019
	£	£
Trade debtors	52,927	88,533
Other debtors	4,054	2,677
Prepayments and accrued income	<u>110,486</u>	<u>76,524</u>
	<u>167,467</u>	<u>167,734</u>

19. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	119,200	254,485
Other creditors and accruals	63,737	114,054
Taxation and social security costs	<u>116,377</u>	<u>94,361</u>
	<u>299,314</u>	<u>462,900</u>

Deferred Income

	£
Included in other creditors and accruals	
As at 1 st April 2019	97,700
Amount released to income earned from charitable activities	(97,700)
Amount deferred in year	<u>52,700</u>
As at 31 st March 2020	<u>52,700</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

20. Analysis of charitable funds

Year ended 31st March 2020

Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted Funds					
Fixed Assets Fund	71,327	-	(24,315)	33,312	80,324
CRM & Web Dev. Fund	61,553	-	(57,343)	21,000	25,210
Total Designated Funds	132,880	-	(81,658)	54,312	105,534
General Funds	410,638	926,753	(908,783)	(13,312)	415,296
Total Unrestricted Funds	543,518	926,753	(990,441)	41,000	520,830
Restricted Funds					
Writing Communities	77,790	360,110	(271,915)	-	165,985
Schools Communities	37,680	87,993	(106,571)	-	19,102
Reading Communities	103,369	311,643	(364,135)	-	50,877
Early Years Programme	1,039,883	1,829,229	(1,906,731)	(41,000)	921,381
Attainment Programme	782,409	1,323,408	(1,379,215)	-	726,602
Total Restricted Funds	2,041,131	3,912,383	(4,028,567)	(41,000)	1,883,947
TOTAL FUNDS	2,584,649	4,839,136	(5,019,008)	-	2,404,777

Year ended 31st March 2019

Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted Funds					
Fixed Assets Fund	42,845	-	(9,526)	38,008	71,327
CRM & Web Dev. Fund	79,565	-	(20,004)	1,992	61,553
Total Designated Funds	122,410	-	(29,530)	40,000	132,880
General Funds	437,723	881,019	(988,704)	80,600	410,638
Total Unrestricted Funds	560,133	881,019	(1,018,234)	120,600	543,518
Restricted Funds					
Writer Development	63,938	245,400	(231,548)	-	77,790
Schools Programme	62,451	158,192	(182,963)	-	37,680
Reader Development	21,221	684,858	(602,710)	-	103,369
Early Years Programme	1,126,798	1,937,977	(1,962,692)	(62,200)	1,039,883
Attainment Programme	767,653	1,568,623	(1,495,467)	(58,400)	782,409
Total Restricted Funds	2,042,061	4,595,050	(4,475,380)	(120,600)	2,041,131
TOTAL FUNDS	2,602,194	5,476,069	(5,493,614)	-	2,584,649

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

20. 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 Trustees set up a new fund in 2017-18 to pay for the purchase and development of a new CRM system and a new website, both of which are essential to the strategic performance, capacity and sustainability of the charity. In 2019-20 a further amount has been added to the fund for ongoing developments.

The General Funds are maintained in line with the Reserves Policy set out in the Trustees Report which provides protection for the charity 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 2019-20 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.

21. Net assets over funds

Year to 31st March 2020

	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Fixed assets	2,582	-	2,582
Intangible fixed assets	77,742	-	77,742
Stocks	-	608,823	608,823
Debtors	167,467	-	167,467
Investments	100,000	-	100,000
Cash at bank & in hand	472,353	1,275,124	1,747,477
Creditors due in less than 1 year	(299,314)	-	(299,314)
	<u>520,830</u>	<u>1,883,947</u>	<u>2,404,777</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

21. Net assets over funds (contd)

Year to 31st March 2019

	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Fixed assets	11,348	-	11,348
Intangible fixed assets	59,978	-	59,978
Stocks	-	702,900	702,900
Debtors	167,734	-	167,734
Investments	100,000	-	100,000
Cash at bank & in hand	667,358	1,338,231	2,005,589
Creditors due in less than 1 year	(462,900)	-	(462,900)
	<u>543,518</u>	<u>2,041,131</u>	<u>2,584,649</u>

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

	2020 £	2019 £
Net expenditure for the year (as per the Statement of Financial Activities)	(179,872)	(17,545)
Adjustments for:		
Depreciation charges	8,766	9,526
Amortisation of intangible fixed assets	15,548	0
Interest received	(3,545)	(4,032)
Decrease/(increase) in stocks	94,077	(29,816)
Decrease/(increase) in debtors	267	307,791
(Decrease)/increase in creditors	(163,586)	47,302
Net cash (used in)/provided by operating activities	<u>(228,345)</u>	<u>313,226</u>

23. Analysis of cash and cash equivalents

	2020 £	2019 £
Total cash and cash equivalents	<u>1,747,477</u>	<u>2,005,589</u>

24. Commitments under operating leases

At 31 March 2020 the charity had future lease commitments under non-cancellable operating leases as follows:

	2020 £	2019 £
Less than one year	55,000	55,000
Between two and five years	<u>123,750</u>	<u>123,750</u>

25. Contractual Commitments

As at 31 March 2020, the charity had contractual commitments in respect of website software development of £6,600 (2019: £13,415).

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

26. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.