

CHARITY NO: SC027669

COMPANY NO: SCO184248

SCOTTISH BOOK TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

SCOTTISH BOOK TRUST

Report and Financial Statements for the Year Ended 31 March 2019

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SCOTTISH BOOK TRUST

Report and Financial Statements for the Year Ended 31 March 2019

Reference and Administrative Information

Trustees

Keir Bloomer
Professor Willy Maley
Catherine Smith
Rebekah Widdowfield
Andy Marchant
Hilde Frydnes
Laura van der Hoeven
Morag Dunlop

Chief Executive

Marc Lambert

Principal Office

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

Charity Number: SC027669

Company Number: SCO184248

Independent Auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers

Bank of Scotland
235 Sauchiehall Street
Glasgow
G2 3EY

Solicitors

Anderson Strathern WS
1 Rutland Court
Edinburgh
EH3 8EY

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2019

The Trustees present the annual report and financial statements for the year ended 31 March 2019. 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

2018-19 saw another year of achievement for Scottish Book Trust across the considerable and evolving span of our charitable activities. We held a special anniversary celebrating 20 years of our Scottish Friendly Children's Book Tour with a Jamboree event at Glasgow's Royal Concert Hall, featuring some of the most famous and best loved authors and 800 children from schools right across Scotland. Our related anniversary tour reached over 11,000 pupils country-wide.

Authors Live, our broadcast collaboration with BBC Learning helped 93,800 children to enjoy events with authors of the calibre of Lauren Child (the current children's laureate), Joseph Coelho and Frank Cottrell Boyce. In 2019–20 Authors Live will celebrate its own 10 year anniversary with a special Michael Rosen event in March.

Our contribution to Scottish education's focus on improving attainment, funded by the Scottish Government, developed apace. The First Minister's Reading Challenge programme was extended to include secondary schools, with over 70% taking part; 46 libraries and 68 community groups across Scotland. We are co-developing an exciting new reading app with secondary school pupils which will be launched in August 2019.

Book Week Scotland 2018 was another unqualified success, featuring over 700 events and reaching 316,957 people of all ages. As part of the Muriel Spark centenary celebrations, we received funding from the Scottish Government and the People's Postcode Lottery to deliver a complete set of her novels to every public library in Scotland, gifting more than 11,000 books.

Our writer development programme established a new award, in partnership with the Gaelic Books Council, to recognise the achievements of three writers in Gaelic. StoryCon, our conference for young writers attracted a 93% uptake, with 38% of attendees coming from the 5 most deprived local authority areas in Scotland.

As part of our strategic focus on reaching those in some of Scotland's most deprived areas, funding from the Walter Scott Giving Committee 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.

Our Early Years team developed and launched a Bookbug App in 2019 which has been downloaded 17,000 times to date, and which made a shortlist of 3 for the prestigious UK Digital Charity of the Year Awards.

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 over 3m people in Scotland with our charitable services.

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

Keir Bloomer
Chair

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2019

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 one 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 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,

<http://www.scottishbooktrust.com/learning/teachers-librarians/read-write-count/read-write-count-evaluation> , <http://scottishbooktrust.com/reading/book-week-scotland/about>

In 2018-19, in order to develop a coherent evaluation framework that provides a consistent approach to monitoring and evaluation across our programmes, we invested in a new post of Head of Research and Evaluation focusing initially on the Schools programmes. We will gather and analyse the data gathered from a new CRM system which launched in March 2019.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2019

Key achievements during 2018-19

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

In 2018-19, the charity celebrated our 20th anniversary of sponsorship and support from Scottish Friendly for the annual children's book tour. This hugely successful programme takes the very best children's authors directly into schools across Scotland and parts of the UK. In 2018-19, over 11,000 pupils country-wide enjoyed author visits. School visits to Wales will be included in the 2019-20 tour programme for the first time.

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 2018-19, over 93,800 children viewed the Authors Live series of programmes that included sessions with Lauren Child, Joseph Coelho and Frank Cottrell Boyce.

First Minister's Reading Challenge

The First Minister's Reading Challenge encourages children to read for pleasure and develop a love of reading. In 2018-19, the challenge was extended to include secondary schools, libraries and community groups. Secondary school registration and participation greatly exceeded expectations with over 70% of all secondary schools taking part in the initiative. A total of 46 libraries and 68 community groups from across Scotland also registered for the first time. In collaboration with young people from a selection of Scottish schools, Scottish Book Trust co-developed a new reading app to help young adults (secondary school pupils) to identify, review and recommend books. The new *Bookzilla* app will be launched in August 2019.

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 2018-19, libraries delivered more than 700 events during Book Week Scotland and registered a footfall of 316,957. An interesting increase in male participation in Book Week Scotland events (up from 18% to 39%) was also recorded in 2018-19. The associated Digital Festival generated over 150,000 video views during the week, while live streaming gave audiences across Scotland, access to events featuring Pat Nevin, Akala and acclaimed author Maggie O Farrell in conversation with First Minister, Nicola Sturgeon.

Almost 25,000 pupils and 2,000 staff in schools across Scotland reported that they had taken part in Book Week Scotland activities and events while 513 Bookbug sessions took place during Book Week Scotland, this represents an increase from 360 sessions in 2017-18.

As part of the celebrations to mark the centenary of the birth of internationally acclaimed author, Muriel Spark, Scottish Book Trust delivered a complete set of Muriel Spark novels to every public library in Scotland during Book Week Scotland. More than 11,000 books were gifted to libraries as a result of funding from Scottish Government and the People's Postcode Lottery for this centenary initiative.

2. Building a writing culture

Writing Programmes

What's Your Story?

Now in its fourth year, *What's Your Story?* is a Scotland wide development programme of

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Report of the Board of Trustees for the Year Ended 31 March 2019

support for young writers and illustrators. There are 3 main elements to the programme, *StoryBoard*, a development programme for 7 young people, *StoryCon*, Scotland's top teen creative writing and illustration conference, planned by the teens who're part of the *StoryBoard* programme, and finally the online magazine, *StoryMag* for 13–19-year-old writers and illustrators from around Scotland. 115 young adults attended *StoryCon* in 2018-19, which represented a 93% uptake in pre-booked conference spaces. 38% of all young adults who attended *StoryCon* in 2018-19 came from the 5 most deprived local authority areas in Scotland. The continued development and delivery of *What's Your Story?* is made possible with the financial support of a range of donors.

The Ignite Fellowship

In 2018-19, the charity, in collaboration with the Gaelic Books Council, established a new award that recognises the achievements of talented professional writers. The annual award offers tailored practical and financial support to help three writers continue to develop and expand their craft. The Gaelic Books Council selected Ruairidh Maclean for the Gaelic Fellowship, and Annie George and Marjorie Lotfi Gill were the other two 2018-19 Fellows.

Outstanding Achievement Award

In January 2019, the Scottish Book Trust Outstanding Achievement Award was bestowed on Theresa Breslin. Theresa has been at the vanguard of Scottish children's publishing for 30 years and has published over 50 titles. She has also been recognised for her sustained advocacy for professional librarians and the importance of school libraries. The Scottish Book Trust Awards are sponsored annually by Browns Books for Students.

3. Promoting equality

Targeted interventions through the Early Years Programme

Bookbug

In 2018-19, there were 722,241 parents and child attendances at over 27,000 Bookbug sessions in libraries and community settings across all 32 local authorities in Scotland. This represents a 10% increase on 2017-18 figures. There were also significant increases in Gaelic Bookbug Sessions with 670 events taking place across Scotland, an increase of 19%. Over 2000 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.

In January 2019, the charity launched 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. The app, which has English, Gaelic and Scots song and rhyme content as well as information on where to access Bookbug sessions, has been an unprecedented success, with over 17,000 downloads and over half a million songs and rhymes listened to in the five months following the launch. The Bookbug app was a finalist in the Scottish Charity Awards, Demonstrating Digital category and Scottish Book Trust was a finalist for the Charity of the Year Award in the National Digital 100 Awards.

The charity is in communication with Glasgow Life about a Bookbug engagement event for minority communities in the Cranhill area of Glasgow in April 2019. The event will introduce parent and carers from ethnic minority backgrounds to the Bookbug programme, making them aware of the fully funded Bookbug Bags and encouraging them to go along to free Bookbug Sessions in their community. Cranhill is in decile one of the Scottish Index of Multiple Deprivation and Glasgow Life has started a new Bookbug Session at the local community centre. The event will link in with Cranhill Development Trust and the Council for Ethnic Minority Voluntary Organisations (CEMVO) as well as local practitioners in the area. Discussions have also taken place with Pollokshields Development Agency about a similar event later in the year.

Looked after Children

Working in collaboration with the Dolly Parton Imagination Library, Scottish Book Trust

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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 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.

Targeted interventions through the Writing Programme

Live Literature Residencies

In 2018-19, the charity secured funding from the Walter Scott Giving Committee to provide targeted support to schools in areas of high deprivation. 10 schools were granted fully funded author residencies. Over 300 pupils experienced, and enjoyed, these sessions which were developed to suit their needs and interests.

Targeted interventions through the Reading Programme

Digital Storytellers in Residence

In 2018-19, grant support from the Scottish Government Digital Participation fund enabled the charity to develop a targeted programme specifically designed to build digital skills and participation among individuals and groups who were not digitally engaged. Five challenge authorities were identified to participate in the project and digital storytellers were hosted by the library service in each of the participating local authorities. The storytellers gathered real people's stories and experiences and assisted them to use digital technologies to produce animated videos of those stories. Over 70 community based groups in the five designated local authorities produced over 300 digital stories about personal experiences and memories of importance to them. Special screening events were held in each of the five authorities to showcase the quality and range of digital stories produced.

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 2018-19, the charity trained 3,187 individual professionals and 128 individuals engaged with Bookbug Shared Practice sessions.

Schools Programme: In 2018-19, 156,904 pupils in primary, secondary and ASN schools across Scotland, participated in events delivered by the charity's School Programme. During this period, the charity's website resources section for teachers and librarians generated over 22,000 downloads of 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 2018-19, over 14 writers benefitted from the training and mentoring offered through the New Writers Awards, and a further 40 individuals were supported through other associated writing programmes. During 2018-19, 115 teenagers participated in training offered through the *What's Your Story?* programme.

Reader Development/Adult Literacy: During 2018-19, in partnership with Open Book, Turn Community Justice, HIV Scotland, Support in Mind and Who Cares Scotland, 11 training sessions were provided involving 85 participants across the Book Week Scotland and adult literacy programmes.

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Report of the Board of Trustees for the Year Ended 31 March 2019

Plans for the future

Having significantly developed the charity's programmes, partnerships and national reach over the previous year, in 2019-20, 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.

Key pieces of work for 2019-20 include:

- Further development of the Bookbug Song and Rhyme App to reach more of Scotland's families by including Scots and Gaelic and exploring options for additional languages
- Launching a digital app to extend the reach of the First Minister's Reading Challenge programmes to engage and involve more teenage readers
- Developing Book Week Scotland's outreach work to support participation from new audiences and grow capacity in targeted and currently underrepresented communities
- Develop and seek funding for a new reading programme which aims to support isolated adults and their carers, using books and reading to aid health and wellbeing
- 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
- Further development of the charity's cross-organisation evaluation framework
- Developing the programme format and key criteria for the evaluation of the Reading Schools pilot
- Use new funding to launch a project to provide tactile books to children in Additional Support Needs schools
- Establish and deliver a new Scots Language Publication Grant programme to increase the incidence and number of Scots Language publications
- Investigate potential partnerships with academic institutions to secure accreditation for the charity's suite of training courses

Enablers

In order to realise these aims Scottish Book Trust will:

- Complete delivery of the charity's new website and Contact and Relationship Management database (CRM), improving the efficiency of internal processes, as well as generating new audience data for analysis and strategic development
- 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 audience
- Implement the next phase of the charity's Fundraising Strategy by expanding the Major Donors Book Club and begin to grow individual donor supporters

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Report of the Board of Trustees for the Year Ended 31 March 2019

Financial review

Total year-end funds are in line with last year's at £2.6m (2018: £2.6m). Unrestricted income has reduced this year due to a drop in 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 £17k excess of unrestricted costs over income reflects expenditure in the current year on development of our new CRM database and website. The designated reserve created to fund these projects has been utilised in the year 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 2019-20.

The £630k increase in restricted income reflects an increase in our Digital Storytelling programme, as well as a small increase in the Attainment Programmes where an app is being developed. The increased expenditure, also relates to this additional activity. The carried forward restricted fund of £2,041k, 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 2018-19 were as follows:

Scottish Government	69%
Creative Scotland – Regular Funding	16%
Creative Scotland – Programme Funding	5%
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. Since there are also 9 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 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 project, we had a shortfall in our target general reserves of £69k.

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.

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

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Report of the Board of Trustees for the Year Ended 31 March 2019

- 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

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 2019 were as follows:

Keir Bloomer	
Donald Ledingham	(resigned 21 st September 2018)
Professor Willy Maley	
Catherine Smith	
Jackie Taylor	(resigned 26 th March 2019)
Rebekah Widdowfield	

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Report of the Board of Trustees for the Year Ended 31 March 2019

Fiona McLeod	(resigned 26 th March 2019)
Andy Marchant	
Hilde Frydnes	
James Saville	(resigned 27 th March 2019)
Laura van der Hoeven	(appointed 26 th March 2019)
Morag Dunlop	(appointed 26 th March 2019)

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, the Director of Programme, Amina Shah (until 31st July 2018), Rosemary Ward (from 8th October 2018) and the Director of Marketing & Communications, Moira Findlay (until 31st October 2018), Sarah Bailey (from 21st January).

Pay policy for senior staff

The charity's Board of Trustees and the SMT comprise the key management personnel of the charity, in charge of directing, controlling and operating Scottish Book Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 3 to the accounts. The pay of the SMT is set annually when the budget is drawn up. Any approved increases are informed by general economic conditions, relevant sector pay awards and inflation rates. 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).

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Report of the Board of Trustees for the Year Ended 31 March 2019

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 3rd September 2019 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 2019**

Opinion

We have audited the financial statements of Scottish Book Trust (the 'charitable company') for the year ended 31 March 2019 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 2019, 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 2019**

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 pages 10 & 11, 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 2019**

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

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

3rd September 2019

SCOTTISH BOOK TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2019

(Including an Income and Expenditure account)

	Note	Unrestricted Funds		Restricted Funds		Total Funds		Unrestricted Funds		Restricted Funds		Total Funds	
		2019	£	2019	£	2019	£	2018	£	2018	£	2018	£
Income and endowments from:													
Donations and grants	4	876,787	0	0	876,787	970,263	0	970,263	0	3,965,359	0	3,965,359	970,263
Charitable activities	5	0	4,595,050	4,595,050	4,595,050	0	4,595,050	0	3,965,359	0	3,965,359	3,965,359	0
Investments – Bank Interest	6	4,032	0	0	4,032	3,036	0	3,036	0	0	0	3,036	0
Other	7	200	0	0	200	578	0	578	0	0	0	578	0
Total Income		881,019	4,595,050	4,595,050	5,476,069	973,877	3,965,359	4,939,236	973,877	3,965,359	4,939,236	4,939,236	4,939,236
Expenditure on:													
Raising funds	8	133,252	0	0	133,252	153,043	0	153,043	0	0	0	153,043	0
Charitable activities	10	884,982	4,475,380	4,475,380	5,360,362	982,339	3,790,696	4,773,035	982,339	3,790,696	4,773,035	4,773,035	4,773,035
Total Expenditure		1,018,234	4,475,380	4,475,380	5,493,614	1,135,382	3,790,696	4,926,078	1,135,382	3,790,696	4,926,078	4,926,078	4,926,078
Net income/(expenditure)		(137,215)	119,670	(17,545)	(17,545)	(161,505)	174,663	13,158	(161,505)	174,663	13,158	13,158	13,158
Transfers between funds		120,600	(120,600)	0	0	91,714	(91,714)	0	91,714	(91,714)	0	0	0
Net movement in funds	19	(16,615)	(930)	(17,545)	(17,545)	(69,791)	82,949	13,158	(69,791)	82,949	13,158	13,158	13,158
Total funds brought forward	19	560,133	2,042,061	2,602,194	2,602,194	629,924	1,959,112	2,589,036	629,924	1,959,112	2,589,036	2,589,036	2,589,036
Total funds carried forward	19	543,518	2,041,131	2,584,649	2,584,649	560,133	2,042,061	2,602,194	560,133	2,042,061	2,602,194	2,602,194	2,602,194

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 2019

	Note	Total Funds 2019	Total Funds 2018
		£	£
Fixed assets:			
Tangible assets	14 (a)	11,348	20,874
Intangible assets	14 (b)	59,978	21,970
Current assets:			
Investments	15	100,000	100,000
Stocks	16	702,900	673,084
Debtors	17	167,734	475,525
Cash at bank and in hand	22	2,005,589	1,726,339
Total Current Assets		<u>2,976,223</u>	<u>2,974,948</u>
Current Liabilities:			
Creditors falling due within one year	18	462,900	415,598
Net Current Assets		<u>2,513,323</u>	<u>2,559,350</u>
Total Net Assets		<u>2,584,649</u>	<u>2,602,194</u>
The funds of the charity:			
Restricted income funds	19	2,041,131	2,042,061
Unrestricted funds	19	543,518	560,133
Total Charity Funds		<u>2,584,649</u>	<u>2,602,194</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 3rd September 2019 and signed on their behalf by:



Name: Keir Bloomer



Name: Morag Dunlop

SCOTTISH BOOK TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 31 MARCH 2019

	Note	Total Funds 2019 £	Total Funds 2018 £
<i>Cash flows from operating activities:</i>			
Net cash provided by/ (used in) operating activities	21	313,226	69,020
<i>Cash flows from investing activities:</i>			
Interest received	6	4,032	3,036
Purchase of Investments	15	0	(100,000)
Development of Intangibles	14 (b)	(38,008)	(21,970)
		(33,976)	(118,934)
Net cash (used in) investing activities		(33,976)	(118,934)
Change in cash and cash equivalents in the year		279,250	(49,914)
Cash and cash equivalent brought forward		1,726,339	1,776,253
Change in cash and cash equivalents		279,250	(49,914)
Cash and cash equivalents carried forward	22	2,005,589	1,726,339

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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) 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) 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 2019

1. Accounting Policies (contd.)

d) Expenditure recognition

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

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (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 2019

1. Accounting Policies (contd.)

i) Stock

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

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 costs 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.

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.

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting Policies (contd.)

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 (2018: £nil). Expenses paid to the Trustees in the year totalled £146 (2018: £114). These expenses comprised reimbursement of two Trustees' travel costs (2018: two trustees). During the year Trustees waived their right to claim expenses of £200 (2018: £218). During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2018: none).

4. Income from donations and grants

	2019	2018
	£	£
Donations	14,667	18,466
In kind donations	2,120	91,869
General grants – Creative Scotland Regular Funding	860,000	859,928
	<u>876,787</u>	<u>970,263</u>

5. Income from charitable activities

	2019	2018
	£	£
Writer Development & Live Literature Events	245,400	199,594
Schools Programme	158,192	153,059
Reader Development Programme	684,858	314,867
Early Years Programme	1,937,977	1,961,785
Attainment programme	1,568,623	1,336,054
	<u>4,595,050</u>	<u>3,965,359</u>

6. Investment income

	2019	2018
	£	£
Interest on all cash deposits held during the year	<u>4,032</u>	<u>3,036</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

7. Other income

	2019 £	2018 £
Other Income	<u>200</u>	<u>578</u>

8. Cost of raising funds

	Direct Costs £	Support Costs £	Total 2019 £	Total 2018 £
Staff time, cost of events and marketing	47,053	86,199	133,252	<u>153,043</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	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	<u>904,114</u>	<u>12,886</u>	<u>891,228</u>	

	2019 £	2018 £
Governance costs:		
Trustee expenses	146	114
Auditor's remuneration	3,890	3,795
Support costs (see above)	12,886	9,134
Total	<u>16,922</u>	<u>13,043</u>

Breakdown of governance and other support costs by activity

	Support Costs £	Governance £	2019 Total £	2018 Total £
Raising Funds	86,199	0	86,199	113,983
Writer Development	96,320	2,024	98,344	121,211
Schools Programme	118,869	2,499	121,368	187,592
Reader Development	146,896	3,088	149,984	115,192
Early Years	269,310	5,661	274,971	307,339
Attainment Programmes	173,634	3,650	177,284	131,786
Total	<u>891,228</u>	<u>16,922</u>	<u>908,150</u>	<u>977,103</u>

10. Analysis of expenditure on charitable activities

	Writer Dev (incl. Live Lit) £	Schools Programme £	Reader Development £	Early Years Programme £	Attainment Programmes £	2019 Total £	2018 Total £
Staff costs	136,702	157,363	132,594	365,754	236,000	1,028,413	889,890
Direct programme costs	373,473	118,518	395,076	1,099,854	838,686	2,825,607	2,392,977
Office and administration costs	2,242	5,100	527	45,297	5,832	58,998	65,396
Travel & subsistence	86,888	30,815	16,731	36,510	24,432	195,376	154,651
Irrecoverable VAT	3,605	4,259	15,012	123,534	139,594	286,004	255,061
Marketing & publicity	2,944	693	837	4,541	6,293	15,308	38,579
Other costs	128	3,759	44,748	12,364	67,706	128,705	113,360
Governance costs (note 9)	2,024	2,499	3,088	5,661	3,650	16,922	13,043
Support costs (note 9)	96,320	118,869	146,896	269,310	173,634	805,029	850,078
	<u>704,326</u>	<u>441,875</u>	<u>755,509</u>	<u>1,962,825</u>	<u>1,495,827</u>	<u>5,360,362</u>	<u>4,773,035</u>

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

	2019 £	2018 £
Salaries and wages	1,428,089	1,257,049
Social security costs	126,097	113,795
Employer contributions to defined contribution pension scheme	132,632	118,123
Total staff costs	<u>1,686,818</u>	<u>1,488,967</u>

The charity made £132,632 of contributions to the pension plan operated by Legal & General on behalf of the employees (2018: £118,123). For more information about the pension contributions refer to note 1(i).

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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:

	2019 No.	2018 No.
£70,000 - £79,999	0	1
£80,000 - £89,999	1	0

Key Management Personnel

Total key management personnel remuneration was £234,683 (2018: £282,100).

	2019 No.	2018 No.
The average monthly number of persons, by headcount employed by the charity during the year was:	58	50

12. Net income for the year

This is stated after charging:	2018 £	2018 £
Depreciation	9,526	17,488
Auditor's remuneration: Audit Fees	3,890	3,795

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 £4,956,106 in the year (2018: £4,464,492).

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 2018	55,009	102,779	12,142	18,999	188,929
Additions	0	0	0	0	0
Disposals	0	(1,581)	(3,382)	0	(4,963)
At 31 March 2019	55,009	101,198	8,760	18,999	183,966
Depreciation					
At 1 April 2018	44,394	102,779	11,382	9,500	168,055
Charge for the year	4,017	0	759	4,750	9,526
Eliminated on disposals	0	(1,581)	(3,382)	0	(4,963)
At 31 March 2019	48,411	101,198	8,759	14,250	172,618
Net book value					
At 31 March 2018	10,615	0	760	9,499	20,874
At 31 March 2019	6,598	0	1	4,749	11,348

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

14. Fixed Assets (contd)

(b) Intangible Fixed Assets

	Assets under Development £
Cost or valuation	
At 1 April 2018	21,970
Additions	38,008
Disposals	<u>0</u>
At 31 March 2019	<u><u>59,978</u></u>
Amortisation	
At 1 April 2018	0
Charge for the year	0
Eliminated on disposals	<u>0</u>
At 31 March 2019	<u><u>0</u></u>
Net book value	
At 31 March 2018	<u>21,970</u>
At 31 March 2019	<u><u>59,978</u></u>

15. 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.

16. Stock

	2019 £	2018 £
Books and other resources	<u>702,900</u>	<u>673,084</u>

17. Debtors

	2019 £	2018 £
Trade debtors	88,533	73,992
Other debtors	2,677	5,498
Prepayments and accrued income	<u>76,524</u>	<u>396,035</u>
	<u><u>167,734</u></u>	<u><u>475,525</u></u>

18. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	254,485	240,600
Other creditors and accruals	114,054	87,128
Taxation and social security costs	<u>94,361</u>	<u>87,870</u>
	<u><u>462,900</u></u>	<u><u>415,598</u></u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

19. Analysis of charitable funds

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	0	(9,526)	38,008	71,327
CRM & Web Dev. Fund	79,565	0	(20,004)	1,992	61,553
Total Designated Funds	122,410	0	(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)	0	77,790
Schools Programme	62,451	158,192	(182,963)	0	37,680
Reader Development	21,221	684,858	(602,710)	0	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)	0	2,584,649

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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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 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. Although some of the website development work was slowed down due to unforeseen circumstances, the fund has been used during 2018-19 as the developments have progressed and the remaining year-end balance will be used to complete the projects in 2019-20.

In 2017-18 the Programme Development Fund represented funds earmarked for use in sustaining strategically important existing programmes where funding was uncertain and reliant on meeting fundraising targets during the year ahead. However, since we had our funding from Creative Scotland confirmed for 2018-21 the Board has released this fund back to general reserves.

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 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.

20. Net assets over funds

Year to 31st March 2019

	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Fixed assets	11,348	0	11,348
Intangible fixed assets	59,978	0	59,978
Stocks	0	702,900	702,900
Debtors	167,734	0	167,734
Investments	100,000	0	100,000
Cash at bank & in hand	667,358	1,338,231	2,005,589
Creditors due in less than 1 year	(462,900)	0	(462,900)
	<u>543,518</u>	<u>2,041,131</u>	<u>2,584,649</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

20. Net assets over funds (contd)

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>

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

	2019	2018
	£	£
Net income for the year (as per the Statement of Financial Activities)	(17,545)	13,158
Adjustments for:		
Depreciation charges	9,526	17,488
Interest received	(4,032)	(3,036)
(Increase)/decrease in stocks	(29,816)	(73,139)
Decrease/(increase) in debtors	307,791	12,434
Increase/(decrease) in creditors	47,302	102,115
Net cash provided by/(used in) operating activities	<u>313,226</u>	<u>69,020</u>

22. Analysis of cash and cash equivalents

	2019	2018
	£	£
Total cash and cash equivalents	<u>2,005,589</u>	<u>1,726,339</u>

23. Commitments under operating leases

At 31 March 2019 the charity had future lease commitments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Less than one year	55,000	50,000
Between two and five years	178,750	200,000
Over 5 years	<u>0</u>	<u>12,500</u>

24. Contractual Commitments

As at 31 March 2019, the charity had contractual commitments in respect of website software development of £13,415 (2018: £44,042).