

CHARITY NO: SC027669

COMPANY NO: SCO184248

SCOTTISH BOOK TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

SCOTTISH BOOK TRUST

Report and Financial Statements for the Year Ended 31 March 2016

Reference and Administrative Information

Trustees

Keir Bloomer
Elizabeth Burchell
Donald Ledingham
Professor Willy Maley
Anne Pia
Shalinay Raghavan
Catherine Smith
Jackie Taylor
Rebekah Widdowfield

Chief Executive

Marc Lambert

Principal Office

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

Charity Number: SC027669

Company Number: SC0184248

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 2016

The Trustees present the annual report and financial statements for the year ended 31 March 2016.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014. The legal and administrative information on page 1 forms part of this report.

Chair's Report

2015-16 proved to be an exceptional year of growth and creative development for Scottish Book Trust.

During 2015-16, Scottish Book Trust (SBT) became a major contributor to the Attainment agenda in Scottish education, at the request of the Scottish Government. In particular Scottish Book Trust was commissioned to deliver two new national programmes. The Read, Write, Count initiative is aimed at helping to narrow the educational attainment gap between pupils from different backgrounds, while the First Minister's Reading Challenge is aimed at promoting and sustaining a reading culture in Scotland's schools. Both programmes offer exceptional opportunities over the next few years for creative development in the service of a society in Scotland that is more equal, more literate and empowered.

2015-16 also saw the charity develop a ground-breaking new programme for young writers under the Time to Shine initiative, funded by Creative Scotland, creating a national website for new writing by young people aged 13 to 19. 2015-16 was also the first year of our new three-year Regular Funding agreement with Creative Scotland; a partnership which also delivered another fantastic year for Book Week Scotland, offering over 700 events across Scotland and generating over a 1000 pieces of print media coverage. Our Early Years Bookbug Bags this year also included a wonderful new music and rhyme CD as part of Creative Scotland's Youth Music Initiative.

SBT has also faced challenges in the year, with significant change to both the Senior Management Team and the Board of Trustees. New Directors of Programme, and Marketing and Communications were appointed in early 2016, while the Chair of the Board, Lucy Thompson (Juckes), stepped down after 9 years of invaluable service. We also suffered a delay to the launch of our fundraising strategy due to a re-working of the original fundraising role within the staffing structure. The uncertain environment arising from the forthcoming spending review makes the delivery of a successful fundraising strategy an imperative, while proactively managing effective Local Authority relationships is critical to our ability to deliver our programmes on a national scale.

In 2016-17, the charity will create and implement comprehensive strategies for assessing and capturing programme impacts, for fundraising and for stakeholder engagement. As well as delivering the new Scottish Government-commissioned programmes, collaboratively, creatively and effectively, we will seek to capitalise on the many opportunities they present for further programme development. We will continue to champion creativity, self-expression and personal fulfilment through our Writer, Reader, Early Years and Schools Programmes. We will work to grow and sustain one of Scotland's best loved charities with our programmes directly reaching over two million people living in Scotland.

Keir Bloomer
Chair

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2016

Objectives and activities

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

SBT achieves its objectives in the following ways:

By connecting writers and readers

By supporting professional practice for writers in Scotland

By providing continuing professional development opportunities for writers and educationalists

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

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

By gifting learning resources to 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 impartial, independent information on books, writers and reading

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

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

Review of achievements and performance

This report reflects performance against the priorities identified in year 1 of the 2015-18 Business Plan. During 2015-16, our staff team increased from 41 to 44. We set a target of reaching 6.7m people over 3 years with our programmes. Our annual target is therefore to reach 2.2 million people. At the end of March 2016, we met this target through the work of our programmes and our website resources.

Monitoring and evaluation

The diversity of our range of programmes demands a tailored approach to evaluation of impact. In some cases, quantitative outputs are measured and identifiable and in others, deeper impacts are achieved through targeted work in defined areas or with specific groups. SBT staff are undergoing evaluation training from Evaluation Support Scotland to facilitate the development of a holistic approach to capturing the impact of our programmes. In addition, as a Regular Funded Organisation, we will also be taking part in Creative Scotland's Artistic and Creative Review Framework. For 2015-16, the clearest method of measuring success is to look at key achievements across each of the five programme areas.

Key achievements during 2015-16 were as follows:

Early Years Programme

The Bookbug programme continued to grow in strength, reaching 586,000 children and their parents at 23,000 sessions. 2,500 staff in local authorities were trained to deliver Bookbug

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2016

sessions. This year's 240,000 bags benefitted from the addition of a CD, developed as part of the Creative Scotland Youth Music Initiative, promoting the value of sharing songs and rhymes from birth. An independent evaluation of the programme is being undertaken by researchers from Edinburgh University. The Bookbug Outreach programme trained 755 professionals to deliver Bookbug sessions to vulnerable families in their homes.

Attainment Programme: Read, Write, Count

In 2015, we worked with the Scottish Government to design and deliver a new programme to encourage parental/carer support in developing literacy and numeracy skills in P2 and P3. Working closely with colleagues in Education Scotland and the Scottish Government Curriculum Unit, this new SBT team has successfully developed teachers' training and resources, parental support leaflets, books and other resources, all supporting crucial developments in early literacy and numeracy. This programme, which was launched in August 2015, delivered 64,000 enhanced RWC Bookbug P1 packs to every school in Scotland in November of that year. Next financial year, we will deliver in total 192,000 RWC enhanced Bookbug packs to all P1, P2 and P3 children.

Schools Programme

We continued to support teachers to develop creative teaching practices which engage young readers and writers. We gave children the opportunity to explore and share their opinions on Scottish writing through the Scottish Children's Book Awards. In partnership with the BBC, we worked with 14 authors and illustrators to deliver 10 high profile Authors Live events. Our funding partnership with Scottish Friendly continued to support a touring programme that reached 5,440 pupils across 70 schools, and our author events programme reached an additional 2,421 children in 20 schools.

Adult Readers Programme

Book Week Scotland 2015 attracted over 1,000 pieces of press media. We continued to work with a wide variety of partners across Scotland to deliver 761 events throughout the week, reaching an audience of 31,718, as well as delivering a programme of high profile events such as "Meet Diana Gabaldon", which attracted an audience of over 350 at an event in Stirling Castle. Our public participation campaign this year was also highly successful, stimulating 600 pieces of writing. In addition, our four Reading Champions developed and promoted reading and writing opportunities in local authorities across Scotland. Our adult learners team continue to train partners working in prison, community learning and education settings to use our graphic novel, Walk the Walk, which tackles the difficult issues surrounding sectarian violence in Scotland.

Writers Programme

In 2015, the Young Writers Programme, funded by Creative Scotland, supported 10 young people to develop their writing skills with the support of a mentor and a week-long writing retreat. Our New Writers Awards continued to be recognised as the foremost opportunity for emerging writers in Scotland, supporting 12 unpublished writers to gain the skills and confidence they need to fulfil their ambitions. We continued to develop free writing related resources online and manage the Robert Louis Stevenson Fellowship Programme for established writers in Scotland. Through our Live Literature programme of events across the year, we enabled communities across the country to create and host a range of diverse events with writers. Using a Creative Scotland grant, we helped to deliver over 1000 events, giving writers in Scotland the opportunity to meet and develop diverse audiences and generate an income from their craft.

SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2016

Plans for the future

Over the next year, we will continue to build on the organisational and programme developments achieved during 2015-16, reaching over 2 million people annually with our charitable activities. We will continue to be the creative catalyst for a network of national partnerships across, amongst others, Libraries, Local Authorities and the NHS, working collaboratively to ensure equality of access, while targeting those whose need is greatest.

As stated in year two of our updated 3-year business plan, we have four major aims for 2016-2017:

1. To contribute significantly to the equality of opportunity and educational attainment agendas by successfully delivering major new national programmes such as Read, Write, Count and The First Minister's Reading Challenge.
2. To develop our audiences and improve access to our programmes by implementing our equality and diversity strategy.
3. To ensure our programmes have the impacts and outcomes they were designed to deliver by conducting a systematic impact review.
4. To continue to be the leading advocate in Scotland for the power, value and joy of reading and writing, and to promote and support creativity and self-expression through a range of programmes and opportunities for both children and adults.

To realise our strategic aims, SBT will also focus on increasing organisational resilience and sustainability. Design and implementation of our fundraising strategy will diversify our income sources and programme partners. Our people strategy focuses on recruiting appropriately experienced and talented staff and nurturing the ongoing development of new and existing staff to meet the operational and strategic needs of SBT's work, now and in the future. Maintaining a strong commitment to SBT's creative and collaborative culture and values will underpin staff recruitment and development.

Financial review

Total funds have increased to £2.5m (2015: £1.8m) mainly as a result of the new attainment programmes (see Note 19 Transfers between funds for more detail). The increase in unrestricted income in the year of £396,910 is due primarily to the change in the nature of our Creative Scotland funding from restricted programme funding to unrestricted Regular Funding.

The excess of restricted income received over expenditure in the year of £446,643 is principally the result of new funding from the Scottish Government for the Read Write Count programme. Funds have been received in advance to purchase books and other resources in order to meet the delivery deadlines of the programme. See Note 19 to the Accounts for further detail on restricted funds carried forward for expenditure in the following year.

Funding sources during 2015-16 were as follows:

| | |
|---------------------------------------|-----|
| Scottish Government | 59% |
| Creative Scotland – Regular Funding | 20% |
| Creative Scotland – Programme Funding | 11% |
| Other grants | 4% |
| Earned income (Live Literature) | 4% |
| Donations & Sponsorship | 1% |
| Trusts & Foundations | 1% |

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Report of the Board of Trustees for the Year Ended 31 March 2016

Restricted funds expenditure is largely unchanged year on year, although the split has changed in that Read Write Count has brought new spend, while the change to Creative Scotland funding has reduced restricted expenditure but increased unrestricted spending for our other programmes. Our fundraising operation has been reduced in the year due to a change of staffing and a redesigning of the post. Overall, the Trustees are content that SBT has managed its finances well this year and is in an acceptable position to be able to manage the risks of a much tougher funding climate in the coming year.

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 is to hold approximately 3 months' of central costs and 1.5 months' of programme-specific staff costs (in line with average notice period commitments). There are also 12 years remaining on our office building lease: two years' rental charges have therefore been incorporated into the target as a reasonable provision, should it be necessary to move from our current location and negotiate a lease reassignment. To meet this target requires approximately £411,000 of free reserves, based on budgeted expenditure in 2016-17. This target was exceeded at the end of the year by £98,000. Given 2016-17 will be the first full year of fundraising activity, where it takes time to build new relationships and work up appropriate bids and applications, the Board has designated a Fundraising Risk Fund of £50,000 to manage this specific uncertainty. The Board has also provided £48,000 for a Programme Fund to sustain strategically important projects where funding is expected to end or be reduced in the year ahead. The Board will continue to monitor levels of unrestricted funds to manage the risks to the charity over the coming year.

Risk Management

The Trustees have a risk management strategy which comprises:

- An annual review of the principal risks and uncertainties the charity faces – captured in its Risk Register
- Any significant changes to the risk profile of the organisation during the year are brought to the quarterly Board meetings to agree any change to risk management
- Investment in strategic development activity to address 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 annual review of the Risk Register has identified the following as key risks for the charity:

- **Direct Funding Risks:** Loss of or significant reduction in funding from major funders
- **Independence Risk:** SBT's charitable and/or financial independence is compromised by over-reliance on a key funder; SBT's aims and objectives are compromised or not met
- **Key Partner/Risk to Collaborations:** Programme delivery is adversely affected by funding cuts to local authorities

These risks are being managed in the following ways:

Direct Funding Risks:

- Lead staff maintain effective relationships with major funders to promote alignment of SBT 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

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Report of the Board of Trustees for the Year Ended 31 March 2016

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

Independence Risk:

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

Key Partner/Risk to Collaborations:

- Continue to diversify the range of stakeholders beyond the public and school library network
- Support advocacy for public and school libraries

Structure, governance and management

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

The charity is governed by the Board of Trustees, who are also the directors for the purpose of company law. Members of the Trustee Board during the year to 31st March 2016 were as follows:

| | |
|-----------------------|--|
| Keir Bloomer | (Appointed 15 th March 2016) |
| Elizabeth Burchell | |
| Alan Gibson | (Resigned 9th November 2015) |
| Donald Ledingham | |
| Professor Willy Maley | (Appointed 15th March 2016) |
| Anne Pia | |
| Alison Paul | (Resigned 8 th February 2016) |
| Shalinay Raghavan | |
| Catherine Smith | |
| Jackie Taylor | |
| Lucy Thomson (Jukes) | (Resigned 15 th March 2016) |
| Rebekah Widdowfield | |

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

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

The Board of Trustees, which can have up to 15 members, administers the charity. The Board normally meets quarterly. There is also a quarterly finance sub-committee for financial

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Report of the Board of Trustees for the Year Ended 31 March 2016

monitoring and management. A Chief Executive (CEO) is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority within terms of delegation approved by the Trustees. This delegation covers all operational matters, including finance, employment and programme related activity.

Related party transactions

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

Key management personnel

The staff team is led by the CEO, Marc Lambert, who holds responsibility for strategic planning, policy formation and creative vision. He is supported in his role and in the day to day operational management of the charity by the rest of the Senior Management Team (SMT): the Director of Finance & Operations, Alison Ferguson, the Director of Programme, Amina Shah (from 1st Jan 2016; Sophie Moxon until 30th Sept 2015) and the Director of Marketing & Communications, Moira Findlay (from 22nd February 2016; Marion Bourbouze until 1st December 2015).

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 SBT 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 increases in baseline salaries are approved by the Finance Committee and recommended for approval to the Board. A benchmarking exercise was carried out in 2014, when salaries were found to be in line with general pay levels for senior managers in Scotland. Since the benchmarking exercise, salaries have risen in line with inflation, as have the rest of the staff salaries. Senior staff salaries will be benchmarked every five years unless significant changes to the nature and/or size of the charity's operation require it to be carried out earlier. The chief executive's salary represents 3.6 times the lowest salary in the organisation and the average for the rest of the SMT is 2.5 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

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Report of the Board of Trustees for the Year Ended 31 March 2016

- 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 30th August 2016 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 2016

We have audited the financial statements of Scottish Book Trust for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8 and 9, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

SCOTTISH BOOK TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SCOTTISH BOOK TRUST FOR THE YEAR ENDED 31 MARCH 2016

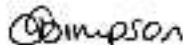
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors report.



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

168 Bath Street
Glasgow
G2 4TP

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

30th August 2016

SCOTTISH BOOK TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2016

(Including an Income and Expenditure account)

| Note | Unrestricted Funds 2016 £ | Restricted Funds 2016 £ | Total Funds 2016 £ | Unrestricted Funds 2015 £ | Restricted Funds 2015 £ | Total Funds 2015 (As restated) £ |
|------------------------------------|------------------------------|----------------------------|-----------------------|------------------------------|----------------------------|--|
| Income and endowments from: | | | | | | |
| 4 | 872,070 | 0 | 872,070 | 495,740 | 57,157 | 552,897 |
| 5 | 0 | 3,519,954 | 3,519,954 | 0 | 2,799,605 | 2,799,605 |
| 6 | 7,099 | 0 | 7,099 | 9,076 | 0 | 9,076 |
| 7 | 22,765 | 0 | 22,765 | 207 | 0 | 207 |
| | 901,934 | 3,519,954 | 4,421,888 | 505,023 | 2,856,762 | 3,361,785 |
| Expenditure on: | | | | | | |
| Raising funds | | | | | | |
| 8 | 86,640 | 0 | 86,640 | 149,240 | 0 | 149,240 |
| 10 | 864,086 | 2,806,666 | 3,670,752 | 528,600 | 2,727,987 | 3,256,587 |
| | 950,726 | 2,806,666 | 3,757,392 | 677,840 | 2,727,987 | 3,405,827 |
| Net Income/(expenditure) | | | | | | |
| | (48,792) | 713,288 | 664,496 | (172,817) | 128,775 | (44,042) |
| Transfers between funds | | | | | | |
| 19 | 266,645 | (266,645) | 0 | 132,070 | (132,070) | 0 |
| Net movement in funds | | | | | | |
| | 217,853 | 446,643 | 664,496 | (40,747) | (3,295) | (44,042) |
| Funds reconciliation | | | | | | |
| 19 | 344,603 | 1,491,019 | 1,835,622 | 385,350 | 1,464,314 | 1,849,664 |
| | | (30,000) | (30,000) | 0 | 0 | 0 |
| | 344,603 | 1,461,019 | 1,805,622 | 385,350 | 1,464,314 | 1,849,664 |
| 19 | 562,456 | 1,907,662 | 2,470,118 | 344,603 | 1,461,019 | 1,805,623 |

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 2016

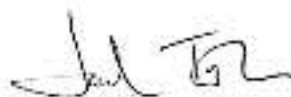
| | Note | Total Funds 2016 £ | Total Funds 2015 (As Restated) £ |
|---------------------------------------|------|-----------------------------|---|
| Fixed assets: | | | |
| Tangible assets | 14 | 52,608 | 87,982 |
| Current assets: | | | |
| Stocks | 15 | 688,765 | 590,303 |
| Debtors | 16 | 124,599 | 229,494 |
| Cash at bank and in hand | 22 | 1,825,943 | 1,143,459 |
| Total Current Assets | | <u>2,639,307</u> | <u>1,963,256</u> |
| Current Liabilities: | | | |
| Creditors falling due within one year | 17 | 221,797 | 245,616 |
| Net Current Assets | | <u>2,417,510</u> | <u>1,717,640</u> |
| Total Net Assets | | <u>2,470,118</u> | <u>1,805,622</u> |
| The funds of the charity: | | | |
| Restricted income funds | 19 | 1,907,862 | 1,461,019 |
| Unrestricted funds | 19 | 562,456 | 344,603 |
| Total Charity Funds | | <u>2,470,118</u> | <u>1,805,622</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 30th August 2016 and signed on their behalf by:



Name: Keir Bloomer



Name: Jackie Taylor

SCOTTISH BOOK TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 31 MARCH 2016

| | Note | Total Funds 2016 £ | Total Funds 2015 £ |
|---|-------------|---------------------------------------|---------------------------------------|
| <i>Cash flows from operating activities:</i> | | | |
| Net cash provided by/(used in) operating activities | 21 | 697,308 | 2,635 |
| <i>Cash flows from investing activities:</i> | | | |
| Interest received | 6 | 7,099 | 9,076 |
| Purchase of property, fixtures and equipment | 14 | (21,923) | (67,326) |
| Net cash provided by/(used in) investing activities | | (14,824) | (58,250) |
| Change in cash and cash equivalents in the year | | 682,484 | (55,615) |
| Cash and cash equivalent brought forward | | 1,143,459 | 1,199,074 |
| Change in cash and cash equivalents | | 682,484 | (55,615) |
| Cash and cash equivalents carried forward | 22 | 1,825,943 | 1,143,459 |

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

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

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

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

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

(b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for reclassification of income now deferred at 31st March 2015

Reconciliation of reported net income

| | |
|---|-----------------|
| | £ |
| Net income/(expenditure) as previously stated | (14,042) |
| Adjustment for deferred income | 30,000 |
| 2015 net income as restated | <u>(44,042)</u> |

Reconciliation of Funds

| | At 1st April 2014 £ | At 31st March 2015 £ |
|--------------------------------|---------------------------|-------------------------------|
| Funds as previously stated | 1,849,664 | 1,835,622 |
| Adjustment for deferred income | 0 | (30,000) |
| Funds as restated | <u>1,849,664</u> | <u>1,805,622</u> |

(c) Funds structure

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

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

Further details of each fund are disclosed in note 19.

(d) Income recognition

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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies (continued)

(d) Income recognition (continued)

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 (see note 18).

(e) Expenditure recognition

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

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

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

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

(f) Donated services and facilities

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

(g) Allocation of support and governance costs

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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies (continued)

(g) Allocation of support and governance costs (continued)

Governance costs and 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.

(h) Tangible fixed assets and depreciation

All individual assets costing more than £1,500 are capitalised and valued at historical cost. Depreciation is charged as follows:

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

(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) Pensions

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

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

(n) Contingent liabilities

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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting Policies (continued)

(n) Contingent liabilities (continued)

- 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.

(o) 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.

(p) 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.

(q) 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 (2015: £nil). Expenses paid to the Trustees in the year totalled £10 (2015: £nil). These expenses comprised reimbursement of one Trustee's travel costs. During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2015: none).

4. Income from donations and legacies

| | 2016 | 2015 |
|--|----------------|----------------|
| | £ | £ |
| Donations | 12,138 | 63,800 |
| General grants – Creative Scotland Regular Funding | 859,932 | 489,097 |
| | <u>872,070</u> | <u>552,897</u> |

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

5. Income from charitable activities

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Writer Development & Live Literature Events | 223,358 | 330,454 |
| Adult Learners Programme | 98,288 | 125,076 |
| Schools Programme | 97,600 | 103,642 |
| Reader Development | 279,996 | 275,875 |
| Early Years Programme | 1,969,712 | 1,964,558 |
| Attainment programme | 851,000 | 0 |
| | <u>3,519,954</u> | <u>2,799,605</u> |

6. Investment income

| | 2016 £ | 2015 £ |
|---------------------------|--------------|--------------|
| Interest on cash deposits | <u>7,099</u> | <u>9,076</u> |

7. Other income

| | 2016 £ | 2015 £ |
|--------------|---------------|------------|
| Other Income | <u>22,765</u> | <u>207</u> |

8. Raising funds – expenditure on raising donations

| | Direct Costs £ | Support Costs £ | Total 2016 £ | Total 2015 £ |
|--|----------------------|-----------------------|--------------------|--------------------|
| Staff time, cost of events and marketing | 41,186 | 45,454 | 86,640 | <u>149,240</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 | 391,936 | 11,529 | 380,407 | Staff time |
| Office rental and costs | 151,777 | 4,464 | 147,313 | Staff time |
| Repairs | 63,870 | 2,467 | 81,403 | Staff time |
| Depreciation | 46,219 | 1,360 | 44,859 | Staff time |
| Total | <u>673,802</u> | <u>19,820</u> | <u>653,982</u> | |

| | 2016 £ | 2015 £ |
|---------------------------|---------------|---------------|
| Governance costs: | | |
| Trustee expenses | 10 | 0 |
| Auditor's remuneration | 3,580 | 3,525 |
| Accountancy fees | 1,090 | 1,599 |
| Support costs (see above) | <u>19,820</u> | <u>10,673</u> |
| Total | <u>24,500</u> | <u>15,797</u> |

SCOTTISH BOOK TRUST**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016****9. Allocation of governance and support costs (continued)****Breakdown of governance and support costs by activity**

| | Support Costs | Governance | 2016 Total | 2015 Total |
|-----------------------|--------------------------|-------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ |
| Raising Funds | 45,454 | 0 | 45,454 | 43,315 |
| Writer Development | 83,344 | 3,356 | 86,700 | 86,072 |
| Adult Learners | 41,735 | 1,680 | 43,415 | 49,143 |
| Schools Programme | 130,170 | 5,241 | 135,411 | 143,383 |
| Reader Development | 88,337 | 3,556 | 91,893 | 116,112 |
| Early Years | 224,013 | 9,019 | 233,032 | 260,134 |
| Attainment Programmes | 40,929 | 1,648 | 42,577 | 0 |
| Total | 653,982 | 24,500 | 678,482 | 698,159 |

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

10. Analysis of expenditure on charitable activities

| | Writer Dev (incl. Live Lit) | Adult Learners | Schools Programme | Reader Development | Early Years Programme | Attainment Programmes | 2016 Total | 2015 Total |
|---------------------------------|-----------------------------------|-------------------|----------------------|-----------------------|--------------------------|--------------------------|------------------|------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Staff costs | 98,602 | 38,105 | 172,888 | 101,854 | 280,730 | 36,730 | 737,008 | 643,841 |
| Direct programme costs | 254,687 | 38,572 | 69,624 | 180,062 | 1,054,511 | 116,581 | 1,714,037 | 1,524,092 |
| Office and administration costs | 1,573 | 5,423 | 5,065 | 2,035 | 54,885 | 325 | 89,103 | 65,186 |
| Travel & subsistence | 72,655 | 2,257 | 28,392 | 16,872 | 31,322 | 1,019 | 152,517 | 155,626 |
| Irrecoverable VAT | 2,444 | 2,067 | 2,309 | 13,599 | 116,825 | 82,374 | 219,818 | 136,803 |
| Marketing & publicity | 1,748 | 0 | 1,084 | 42,549 | 15,160 | 17 | 60,558 | 17,782 |
| Other costs | 1,318 | 10,755 | 3,421 | 11,671 | 56,444 | 1,270 | 84,879 | 58,413 |
| Governance costs (note 9) | 3,356 | 1,880 | 5,241 | 3,556 | 9,019 | 1,648 | 24,500 | 15,797 |
| Support costs (note 9) | 83,344 | 41,735 | 130,170 | 88,337 | 224,013 | 40,929 | 608,528 | 639,047 |
| | <u>517,727</u> | <u>140,594</u> | <u>418,194</u> | <u>460,635</u> | <u>1,852,709</u> | <u>280,893</u> | <u>3,670,752</u> | <u>3,256,587</u> |

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

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

| | 2016 | 2015 |
|---|------------------|------------------|
| | £ | £ |
| Salaries and wages | 1,019,393 | 997,223 |
| Social security costs | 92,458 | 94,764 |
| Employer contributions to defined contribution pension scheme | 58,279 | 24,356 |
| Total staff costs | 1,170,130 | 1,116,343 |

The charity made £58,279 of contributions to the pension plan operated by Legal & General (2015: Pensions Trust) on behalf of the employees (2015: £24,356). For more information about the pension contributions refer to note 1(m).

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

| | 2016 | 2015 |
|-------------------|------|------|
| | No. | No. |
| £60,000 - £70,000 | 1 | 1 |

Key Management Personnel

Total key management personnel remuneration was £178,624 (2014-15: £198,086)

| | 2016 | 2015 |
|--|------|------|
| | No. | No. |
| The average monthly number of persons, by headcount employed by the charity during the year was: | 42 | 39 |

12. Net Income for the year

| This is stated after charging: | 2016 | 2015 |
|------------------------------------|--------|--------|
| | £ | £ |
| Depreciation | 46,219 | 43,505 |
| Auditor's remuneration: Audit Fees | 3,580 | 3,525 |

13. Government Grants

Income from government grants comprises amounts received from the Scottish Government for our Early Years and Attainment Programmes, primarily for our book gifting projects. These amounts totalled £2,705,959 in the year (2015: £1,790,847).

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

14. Tangible Fixed Assets

| | Tenant's Improve- ments | Computer Equipment | Other Office Equipment | Motor Vehicles | Total |
|--------------------------|-------------------------------|-----------------------|------------------------------|-------------------|----------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 April 2015 | 49,845 | 158,581 | 32,300 | 18,182 | 258,908 |
| Additions | 5,164 | 13,721 | 3,038 | 0 | 21,923 |
| Disposals | 0 | (63,157) | (23,196) | (18,182) | (104,535) |
| At 31 March 2016 | <u>55,009</u> | <u>109,145</u> | <u>12,142</u> | <u>0</u> | <u>176,296</u> |
| Depreciation | | | | | |
| At 1 April 2015 | 24,390 | 111,446 | 16,908 | 18,182 | 170,926 |
| Charge for the year | 9,002 | 34,550 | 2,667 | 0 | 46,219 |
| Eliminated on disposals | 0 | (63,157) | (12,118) | (18,182) | (93,457) |
| At 31 March 2016 | <u>33,392</u> | <u>82,839</u> | <u>7,457</u> | <u>0</u> | <u>123,688</u> |
| Net book value | | | | | |
| At 31 March 2015 | <u>25,455</u> | <u>47,135</u> | <u>15,392</u> | <u>0</u> | <u>87,982</u> |
| At 31 March 2016 | <u>21,617</u> | <u>26,306</u> | <u>4,685</u> | <u>0</u> | <u>52,608</u> |

15. Stock

| | 2016 | 2015 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Books and other resources | <u>688,765</u> | <u>590,303</u> |

16. Debtors

| | 2016 | 2015 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 28,867 | 24,635 |
| Other debtors | 84,477 | 190,315 |
| Prepayments and accrued income | 11,255 | 14,544 |
| | <u>124,599</u> | <u>229,494</u> |

17. Creditors: amounts falling due within one year

| | 2016 | 2015 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 117,128 | 146,343 |
| Other creditors and accruals | 22,908 | 13,148 |
| Deferred income | 0 | 30,000 |
| Taxation and social security costs | 81,761 | 56,125 |
| | <u>221,797</u> | <u>245,616</u> |

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

18. Deferred income

| | |
|---|----------|
| | £ |
| Balance as at 1 April 2015 | 30,000 |
| Amount released to income earned from charitable activities | (30,000) |
| Amount deferred in year | 0 |
| Balance as at 31 March 2016 | <u>0</u> |

19. Analysis of charitable funds

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

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

The Trustees have created the following designated funds:

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

The Fundraising Risk Fund recognises the newness of the fundraising operation and allows for commitment of expenditure in advance of fundraising receipts, given the time needed to generate reliable fundraising income.

The Programme Fund represents funds earmarked for use in sustaining strategically important existing programmes where funding is expected to end or reduce during the year ahead.

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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

19. Analysis of charitable funds (continued)

- 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 (£1.7m) 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 2016-17 comes from Creative Scotland (£207k) and represents funding for approved programme activities which by their nature straddle more than one financial year.

Transfers to unrestricted funds represent charges for programme development fees, the costs for which were incurred in previous years.

20. Net assets over funds

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

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

| | 2016 £ | 2015 £ |
|--|----------------|--------------|
| Net income/(expenditure) for the year (as per the Statement of Financial Activities) | 664,496 | (44,042) |
| Adjustments for: | | |
| Depreciation charges | 46,219 | 43,505 |
| Interest received | (7,099) | (9,076) |
| Profit on the disposal of fixed assets | 11,078 | 0 |
| (Increase)/decrease in stocks | (98,462) | (10,124) |
| Decrease/(increase) in debtors | 104,895 | (14,286) |
| Increase/(decrease) in creditors | (23,819) | 36,658 |
| Net cash provided by/(used in) operating activities | <u>697,308</u> | <u>2,635</u> |

22. Analysis of cash and cash equivalents

| | 2016 £ | 2015 £ |
|---------------------------------|------------------|------------------|
| Total cash and cash equivalents | <u>1,825,943</u> | <u>1,143,459</u> |