



CYNGOR LLYFRAU CYMRU
BOOKS COUNCIL of WALES

Annual Report 2020/21



A message from our Chairman, **M. Wynn Thomas**



It was the worst of times, it was the best of times: the worst because of the devastating pandemic, the best because that subjected the Council to the most severe of stress

tests that brought out the very best in its dedicated staff, ably led by the Chief Executive, who responded with admirable resolve, resilience and flexibility. Their work was underpinned by the generous support of the Welsh Government that ensured the survival of the book industry in Wales.

And the Council did not allow the crisis to delay the undertaking of a radical internal restructuring exercise, in line with the recommendations of the Medwin Hughes Committee report to the Welsh Government and consistent with the Council's change of status to being a Charitable Incorporated Organisation. This change allows it to hold assets for the first time and offers enhanced protection to its Trustees.

Consequent upon this, the old structure of Council and Executive Committee has been

replaced by a new arrangement featuring a Governing Board of Trustees, appointed following wide public advertisement, and a General Council of more limited powers. This has enabled the Books Council to recruit an impressive team of Trustees equipped with the wide variety of qualifications, experience and skills now needed to advise and support a rapidly evolving body. Government, International Commerce, Education, and the Publishing Industry are all sectors powerfully represented on the new Board.

It is a historic change that, occurring as the Books Council celebrates its sixtieth birthday, should ensure that this important national institution is very well served for years to come.

M. Wynn Thomas



Helgard Krause, Chief Executive, shares her reflections on the last extraordinary year



The Covid crisis hit just as we were starting our new financial year in April 2020. From the outset our main priority was to protect our sector and we succeeded in securing some early emergency grants to booksellers, followed by grants to publishers. It is difficult to describe the initial sense of uncertainty and apprehension as to how this would affect our sector.

I am proud to say, however, that instead of being paralysed by those concerns my colleagues deployed their typical pragmatism and can-do attitude to deal with the problems at hand: for the Publishing Development team this meant adapting their meetings to Zoom and finding ways to support publishers in novel ways. For the Distribution Centre it meant implementing safe working procedures for an open-plan environment that allowed a gradual return to work after only 3 weeks of closure. The Children's Books and Reading Promotion Department pivoted their focus from audience-based events to targeted interventions in collaboration with the Welsh Government Education Department and local authorities, most notably the substantial book gifting campaign for schools.

We rallied to keep gwales.com open throughout, recognising its vital role as almost the only source of Welsh-language books, and ffolio.wales was developed within six months in answer to the need for a bilingual e-book platform with additional e-books now available.

The horrific murder of George Floyd and the ensuing debate about how to eliminate racism in our society had a profound impact

on us, which was only compounded by the racist graffiti smeared on our headquarters' walls. There is still much work to be done to ensure that our funding supports content that reflects all of Wales and that the sector is truly open and proactively gives job opportunities to underrepresented communities, be it as editors, authors, designers, marketeers or business managers, and our commitment to making this a reality will be at the centre of our new strategic plan.

In answer to the challenging conditions our organisation faced, we took the difficult but necessary decision to restructure and pressed ahead to implement a new legal and governance structure – both enabled us to operate within our allocated grants and to absorb the substantial reduction in turnover. It means that we are well equipped to embrace new opportunities and achieve our ambitions over the coming years. Running an organisation such as this is a collective effort and I would like to thank my colleagues, and especially the volunteers on our subcommittees and the Board of Trustees who give their time and expertise so generously. And lastly my gratitude belongs to our community, to the authors and illustrators who create those stories that nourish us, to the publishers that shape and produce them expertly and to the booksellers who help us choose the perfect book for us and our loved ones.

Helgard Krause



CYNGOR LLYFRAU CYMRU
BOOKS COUNCIL of WALES

Celebrating achievement with the Tir na n-Og Awards in 2020

Three books of exceptionally high standard won in the three categories, and the pandemic sparked the production of some great digital content as we worked to bring the shortlisted titles to audiences at home.

To bring these books to life while schools and libraries were closed, we produced and shared short films of our shortlisted authors personally introducing their titles. We also teamed up with Theatr Arad Goch to produce readings of the six Welsh-language books, with actors recording their extracts from home. All content was available for schools and families to enjoy free of charge.

- Welsh-language primary age category winner: **Pobol Drws Nesaf** by Manon Steffan Ros and Jac Jones (Y Lolfa)
- Welsh-language secondary age category winner: **Byw yn fy Nghroen** by Sioned Erin Hughes (Y Lolfa)
- English-language category winner: **Storm Hound** by Claire Fayers (Pan Macmillan)



Love Reading

We worked with two local authorities on their Love Reading campaigns to encourage reading and to support children and families' wellbeing and reading development while schools were closed in lockdown and over the summer holidays.

We joined forces with a range of partners to help establish Merthyr Tydfil's first ever Love Reading Festival in summer 2020. We sent 7,000 books to children and families in the county, supporting the festival's aim to encourage children, families and young people to engage with reading.

In Ceredigion we sent 100 packs of books to 100 families with children who received support services through Ceredigion County Council. The packs contained reading books tailored to different ages and interests, as well as colouring pencils and activity sheets.





Reading Well – supporting children and young people.

In collaboration with our friends at the Reading Agency we translated 21 books to support children's mental health and wellbeing into Welsh. The books, which are a mixture of fiction and non-fiction, cover a range of subjects from general wellbeing to mental health, managing feelings, coping with trauma as well as living with specific conditions or physical disabilities.

They offer an invaluable tool to start an important conversation with a child about their feelings through the medium of Welsh, and are available for free through libraries or to buy in local bookshops.

The scheme has been adopted by all library authorities in Wales and is made possible with funding from the Welsh Government.

Universal book gifting

During December and January we sent a free pack of 41 books supporting health and wellbeing to every primary school in Wales. The packs included picture books and chapter books suitable for children aged between 4 and 11.

The books were selected by a panel of experts, with supporting material prepared by a network of teachers who specialised in the field of literacy, health and wellbeing.

The aim was to support schools as they delivered subjects dealing with health and wellbeing as part of the new curriculum, as well as helping teachers to discuss these issues during an exceptionally challenging time.

The Iechyd Da scheme was funded directly by Welsh Government's Department of Education and coordinated by our teams at the Books Council of Wales.



Supporting the industry and our staff through adaptation and new ways of working

During this year working routines changed for all of us.

The changes to flexible working patterns and digital platforms enabled us to provide a better and more flexible service to the industry at a critical time. The Grants panels met over Zoom, which meant we could respond more flexibly and make funding decisions more quickly during the pandemic.

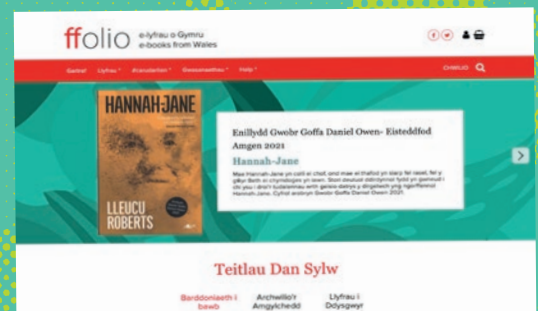
In the same way we were able to meet more frequently with publishers and booksellers, with many more able to attend the meetings now that they were held across a digital platform with no requirement to travel.

The legacy of these technological changes is the potential for the Council to attract staff, volunteers and trustees from across Wales and beyond. These new ways of working create different opportunities for us to work with a wide range of people who can bring a diverse breadth of perspectives, experiences and specialisms to the Council and our work.

Many of the new measures we have put in place were a result of thinking outside the box during the Covid pandemic. Not everything will go back into the box!



In June 2020, we distributed a much needed emergency grant to support the sector, in addition to the £51,000 distributed to bookshops in March 2020. We also supported Creative Wales in the evaluation of claims for the Cultural Recovery Fund, in which publishing was a key sector.



Ffolio is Wales' first truly bilingual e-books platform, and we are proud that we were able to develop it in just 6 months, answering the urgent need to make Welsh e-books available during the pandemic.

Through Ffolio we can support publishers who benefit from better commercial terms, and bookshops who can benefit as the customer chooses which bookshop to support with their purchase.

We launched Ffolio in January 2021 with 800 books, and a further 600 new e-books are now available, made possible through this project.

Planning for the future

We progressed with our plans to invest in the IT systems in the Distribution Centre. Following a competitive tender process, which was managed and awarded remotely, we appointed KNK in September 2020. This sees the start of an exciting new project that will improve our services to publishers and booksellers in Wales. It will enable the Books Council to operate competitively in new markets, attracting new businesses and opportunities to the wider industry in Wales and securing the industry's future.

In May 2020 we installed solar panels on the roof of the Distribution Centre. It's expected that this will save 15.7 tonnes of CO2 per year. The panels had generated 22157 kWh of energy by the end of March 2021.

Promoting bookshops

As it became apparent that lockdown would continue for many months, we focused on developing new service models to support high street shops and publishers such as home delivery and supporting bookshops to offer click and collect.

Once bookshops could reopen, we joined forces with the #ChooseBookshops campaign that encouraged shoppers to support their local independent bookshops.

We focused on helping bookshops to develop their websites by providing a grant to develop or enhance their web presence. We provided digital and social media training, and created digital assets such as an interactive local bookshops map and social media content for booksellers to use to reach their local customers and communities.



In October 2020 we launched #CaruDarlenn – a brand-new Welsh-language podcast series in which a range of guests from across the publishing industry in Wales discuss books and reading.



#ChooseBookshops

Our year in numbers

1300

book parcels sent to schools to support pupils' wellbeing, sponsored by Welsh Government



217

Welsh-language books supported by grants



69

English-language books supported by grants

7

new Trustees appointed to the Board



28%

increase in followers on social media between April 2020 and March 2021



22157kWh

of electricity generated by the solar panels since installation in May



15.7

tonnes per annum of CO2 avoided by the installation of solar panels

443015

books sent out from the Distribution Centre



767

new titles added to range available from Distribution Centre



335

shops serviced during 2020–2021





**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
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CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report, together with the accounts for the year ending 31 March 2021. This is the charity's last year as the assets and liabilities will be transferred to a new charity of the same name on 1 April 2021.

Main Activities of the Charity

- To stimulate interest in books in Welsh, and Welsh books in English, together with other related material;
- To promote the publishing industry in Wales and to coordinate the interests of authors, publishers, booksellers and libraries;
- To assist and support authors by providing services and by awarding grants/commissions which are channelled through publishers;
- To distribute grants to help publish quality material in both Welsh and English and to ensure that the output is widely available.

Public Benefit Declaration of Interest

The Executive Committee have considered their duty in accordance with Section 17 of the Charities Act 2011 regarding Public Benefit. They are satisfied that the charity's activities during the year, as described in this report, are in accordance with these criteria. The core aim of the Books Council is to provide benefit to the readers of Wales – in both languages.

Administrative details

Name of Charity	Cyngor Llyfrau Cymru – Books Council of Wales
Registered Charity	505262
Registered Address	Castell Brychan Aberystwyth Ceredigion SY23 2JB
Auditors	Llŷr James Chartered Certified Accountants & Registered Auditors 25 Bridge Street Carmarthen SA31 3JS
Bank	HSBC plc Harford Square Lampeter Ceredigion SA48 7DU
Chief Executive	Helgard Krause
Investments Broker	Blackrock 12 Throgmorton Avenue London EC2N 2DL

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Trustees

Members of the Executive are the Books Council of Wales's trustees. A representative or co-opted member shall hold office for three years calculated from the date of the General Meeting following the date of his or her appointment or co-option provided that when any member, for any reason, vacates office before the end of his or her term of office the Council, at the recommendation of the Executive Committee or, as the case may be, the body represented by such member, may fill such vacancy by appointing a substitute to hold office until the end of the said term of office. The trustees for 2020/21 are:

Chief Officers

Professor M. Wynn Thomas	Chair
Mrs Rona Aldrich	Vice Chair
Professor Jane Aaron	Honorary Secretary
Mr Chris Hywel Macey	Treasurer
Mr Gwydion Hughes	Honorary Counsel
Mr Alun P. Thomas	Honorary Solicitor

Local Authorities

Councillor John Pritchard	Wrexham
Councillor Lynford Thomas	Ceredigion
Councillor John T. Davies	Pembrokeshire
Councillor Rhidian Mizen	Neath Port Talbot
Councillor Jane Henshaw	Cardiff
Councillor Veronica Crick	Torfaen

Other Representatives

Mr Richard Bellinger	County Librarians
Mr Gareth Griffiths	County Librarians
Mr Meilyr Rowlands / Mr Dyfrig Ellis	Estyn
Dr D. Mark Smith	WJEC
Mr Pedr ap Llwyd / Ms Manon Foster Evans	National Library of Wales
Dr Amy Staniforth	CILIP Cymru Wales
Mr Ion Thomas / Ms Bethan Gwanas	Friends of the Books Council of Wales
Ms Marian Delyth	Friends of the Books Council of Wales
Mr Dafydd John Pritchard	Literature Wales
Mr Robat Arwyn	Council Panels
Mrs Lorna Herbert Egan	Council Panels
Professor Daniel G. Williams	Council Panels
Dr Cathryn Charnell-White	Co-opted Member
Mr Jonathan Adams	Co-opted Member

Constitution

The Books Council of Wales's governing instrument is a written constitution. The Books Council of Wales is an independent unincorporated association established for charitable purposes only. The Constitution was amended on 12 July 2019.

The Council and its committees

The Books Council is governed by a Council and Executive Committee which are appointed under the terms of its Constitution and comprise representatives of local authorities and a cross-section of the cultural organisations of Wales. Members of the Executive Committee serve as trustees of the charity. The Nominations Panel, a sub-committee of the Executive Committee, appoints members to specialist panels which report to the Executive Committee. The function of the Nominations Panel is to ensure that the system of appointing members, through an open advertising process, is conducted with fairness and transparency, in line with best practice.

A summary of the year

This last financial year has been one of the most challenging periods since the founding of the Books Council and we are continuing to adapt to the ever-changing environment in which we operate. The very diverse nature of our work meant that each section required very targeted, albeit different, interventions.

First and foremost, our initial focus was on ensuring safe working practices in our Distribution Centre where staff must be physically present to remain functional. It is a matter of great pride for us that our warehouse was only closed for three weeks to make the necessary adjustments; meanwhile, gwales.com remained operational throughout. The Distribution Centre also passed several unannounced COVID inspections, due to clear and consistent procedures which are understood and followed by staff.

However, the impact on sales in the first two months of lockdown was dramatic, and we were therefore grateful for, and made use of, the furlough scheme to support those posts most affected by lockdown, such as sales reps, sales administration and distribution operatives.

In the second quarter of the year, the focus went from the immediate emergency response to planning and mitigating against further potential business disruption through developing innovative service models such as direct home deliveries and supporting bookshops in their click and collect services. In collaboration with the Booksellers Association of the UK and Ireland, we advised Welsh Government regarding the appropriate re-opening guidelines and also devised a marketing campaign to encourage customers back into bookshops. Regular online meetings with booksellers also led to several changes with regards to marketing supplements and how the outreach grants were repurposed due to the lack of physical events.

The third quarter was, as ever, dominated by brisk Christmas trading with a solid performance by bookshops, helped by publishers releasing titles earlier to mitigate against further closures. It was a matter of great relief that bookshops were allowed to operate a click and collect service during the second lockdown, thus helping to maintain good trading levels. The last quarter of the year was focused on fulfilling government-sponsored book parcels to schools and libraries. This economic stimulus greatly mitigated against the loss of turnover as booksellers and publishers benefited directly.

We worked closely with Welsh Government to distribute emergency funding and also continued to advise on terms and conditions for emergency funding via CRF for both companies and freelancers.

Due to previous investment in our IT infrastructure, we were able to move administrative staff to home working at very short notice, with little or no disruption to our operations. The Grants Department swiftly adapted to online panel meetings and increased the frequency of meetings held to enable swifter processing of applications in support of publishers.

The profound impact of COVID on how we must operate in future brought into stark relief the need to reassess the make-up of the skills and staff capacity at the Books Council which had remained unchanged for the previous 20 years. The dramatic increase in social media and digital communications highlighted several existing gaps, and we were fortunate to be able to draw on a consultant to address the lack of a communications lead and recognised that both areas needed to be improved. We answered the call from Welsh Government for more e-books by prioritising the development of a fully bilingual e-book platform, and it is a matter of great pride that www.ffolio.wales was realised in less than six months and the number of e-books increased from 1,821 to 2,431 in this financial year with a significant number through the medium of Welsh for the first time.

To provide a more integrated and seamless customer experience, we merged the sales and customer services teams with less emphasis on field-based sales reps, but recruited an experienced business development officer to help grow the distribution business beyond its traditional markets.

For the Publishing Grants Department, this has meant the integration of the editorial team into their area to ensure greater strategic alignment of the services that the department provides to ultimately address the existing weaknesses amongst some publishers but also to support new start-ups.

The reading promotion and children's books team had to adapt their audience-based activities and they focused their early work on supporting the Welsh Government Continuity of Learning Plan. It embraced the opportunity for digital content and engagement and continued to work with partners. Officers also identified opportunities by working with local authorities to support vulnerable children and families with free book parcels to mitigate against the loss of the physical classroom environment and, in particular, the impact on Welsh-language learning. The department was instrumental in securing funding for free books for schools, addressing priority areas of Welsh Government such as Mental Health and Well-being, Diversity and Inclusion, and we will be developing those opportunities further in the coming years.

We acknowledged the greater need for engagement with the diversity and inclusion agenda, both in terms of the types of books we support but also for the organisation itself. The Grants Department initiated an assessment of titles supported in the last couple of years, and this benchmark will enable us to set targets to address the lack of diversity where it exists. For our own organisation, this meant that every employee completed unconscious bias training and we are looking to develop continuous training in this area. The representation of ethnically diverse members on our panels has increased, and we are looking at further initiatives as to how to fully embed this principle into our organisation.

We also proceeded as planned, and with approval from the Charities Commission, to transfer the Books Council to become a charitable incorporated organisation, with a new constitution and terms of reference. The Chief Officers (Chair, Vice Chair, Honorary Secretary and Honorary Treasurer) transferred into the new board of trustees and, in February, following an open recruitment process, 7 new trustees were appointed to the new board and the first board meeting of the new organisation was held in April 2021. Previous members of the Executive Committee and members of the Council all transferred to become members of the charity, and they will be able to participate in our work through their engagement with our AGM.

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Achievement and Performance

KEY TARGETS 2020/21		
	2020/21 Target	2020/21 Achieved
Number of manuscripts – Editorial Department	170	191
Number of titles assisted by the Design Department	110	104
Distribution Centre	£4.05m gross £2.7m net	£3,329,973 gross £2,219,982 net
Level of Distribution Centre debtors	No more than 2%	8.4%
Gwales: targets for online sales to shops and individuals	£3,041,420	£1,753,714
Services to Schools	Visits: 500 Value of orders: £400,000	Visits: Not possible due to COVID Value of orders: £102,240
Outreach Scheme	Events: 350 Sales: £150,000	Not applicable as a result of changing the focus to a Digital Outreach Scheme during the lockdown period

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

KEY TARGETS 2020/21 – PUBLISHING GRANTS		
	2020/21 Target	2020/21 Achieved
Publishing Grants (Welsh-language)		
Number of titles published	215	217
Average sales	1,000 after 18 months	723
Number of Welsh-language magazines	17	16
Prompt publishing in accordance with the timetable	98%	95%
Publishing Grants (English-language)		
Number of Literature Grant titles published	75	69
Number of author advance titles published	15 (to be published) (+ 10 commissioned)	16 (published) (+ 21 commissioned)
Marketing Grants	20	25
Number of literary magazines	5	9
Average sales of literary magazines	General – 1,000 Multi-focus – 500 Individual focus – 400	Figures available July 2021
Prompt publishing in accordance with the timetable	95%	95%

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Financial Review

A total income of £7.7m was received during the year compared to £7.6m in 2019/20. The increase was mainly due to capital funding of £630,000 for the new system which has been commissioned and will be introduced over the next few years. This is held in a designated fund for this significant work. Additional grants were secured, £405,632 from the Department of Welsh in Education to purchase books for schools and libraries, and we are grateful to Welsh Government for their support.

The Distribution Centre's income was lower by £460,156 compared with the same period last year, mainly due to COVID, but it is encouraging to see that the Distribution Centre continues to make a small profit, due to an improvement in the margin, and receiving furlough payments towards the salaries of the staff who were unable to work.

Of the expenditure of £7.5m (compared to £8.1m in 2019/20), the amounts in the Pension Scheme valuation are mainly responsible for the net surplus of £268,705 (compared to the net deficit of £463,909 in 2019/20).

The Books Council's investments (£188K) and Pension Scheme investments improved following the reduction in share value in March 2020.

At 31 March 2021, net assets (excluding pension liabilities) stood at £2m (2019/20: £1.5m). The increase is due to the timing of the expenditure of the capital funding that will be spent over the next 2 years. The pension deficit clouds the positive financial performance, where the Distribution Centre has been able to generate profits, despite the reduction in income.

Reserves Policy

This Reserves Policy is designed to ensure that the Council has enough funds to meet unforeseen capital expenditure and to deal with risk factors associated with the running of a Distribution Centre that receives no funding from the public purse. The Books Council keeps these financial funds in several categories:

Unrestricted Funds

- Capital Funds – £500,000 to meet the historic cost of buildings and unexpected capital expenditure. An audit of the buildings will be carried out over the next year, prioritising where further expenditure is required from this fund.
- Revenue Funds
 - Pension: At 31 March 2021, there was a deficit of £3,477,000 (2019/20: £3,641,000). The trustees have agreed contributions with the Dyfed Pension Fund until 31 March 2021, so they no longer have control over the amount of this fund; however, this deficit is likely to continue to increase until the contributions increase.
 - Council: Maintain a reserve balance of no more than 2% of core funding (which equates to £76,380 in 2020/21). The fund is £98,106 this year, which is a bit higher than the target.
 - Distribution Centre: Target of a sufficient fund to cover overheads for 6 months (excluding discount) (£265,056 based on 2020/21 figures). The size of the fund this year is £234,674, and as such it is quite close to the target.

Designated Funds

In addition to the internal funding committed, a fund of £862,874 is now available for the new system with an agreement with KNK for a large proportion of this amount to be spent over the next two years.

Restricted Funds

These funds are for use only as noted in note 20.

Main Sponsors

We are extremely grateful to the Welsh Government for providing a large proportion of the Books Council's funding; without this support, it would not be possible for the Council to carry out its work.

Investments Policy

In accordance with the Constitution, the charity trustees have the power to invest when they believe that investment is appropriate. The assets of the charity are available and sufficient to meet the requirements in the foreseeable future.

Volunteers

The charity is very grateful for the contribution of volunteers who work free of charge on the various panels and projects of the Books Council. As we cannot put a financial value on all this work, it is not included in the Statement of Financial Activities.

Related Party Transactions

The staff and trustees declare any interests annually and as they arise. There are no associated party transactions during the year ending 31 March 2021 by the trustees.

Risk Management

The Council has considered and assessed every risk that could affect the charity. This risk assessment process encompasses not only the financial situation, but also strategic and circumstantial considerations. The Council confirms that systems have been put in place to mitigate all such risks identified as part of this process.

Viable Business Assumption

The trustees have a reasonable expectation that the Books Council has enough resources to continue to act as a going concern. For that reason, it continues to prepare a Financial Statement based on being a viable business.

Equal Opportunities Policy

The Books Council of Wales is an equal opportunities employer. It does not allow discrimination on the grounds of gender, race, colour, disability, ethnic background or socio-economic background, age, family situation, marital status, part-time or full-time workers, religion, politics, sexual orientation or any other irrelevant difference, and is committed to positively considering diversity. The principles of fair and open competition are used, and appointments are subject to merit.

STATEMENT OF TRUSTEES' RESPONSIBILITY:

The Trustees are responsible for the preparation of the Trustees' Report and the financial statements in accordance with applicable legislation and the Acceptable General Accounting Exercises of the United Kingdom.

The law requires the Trustees to prepare accounts for each financial year that will give a true and fair view of the Company's situation during that period. In preparing those accounts, the Trustees must:

- select suitable accounting policies and apply them consistently;
- follow the methods and principles in the 'Statement of Recommended Practice for Charities' (SORP);
- make judgements and estimate reasonably and prudently; state whether applicable standards have been followed, subject to any disclosed material departures explained in the financial statements;
- prepare the accounts on the basis that the Company will continue to act if it is not inappropriate to assume this.

The Trustees are responsible for keeping appropriate accounting records that disclose the Company's financial position fairly accurately at any time, and also to enable them to ensure that the financial statements are in accordance with the *Charities (Accounts and Reports) Regulations 2008*. They also have a responsibility to protect the assets of the Company and take steps to prevent and detect fraud or other irregularities.

According to the Trustees' understanding:

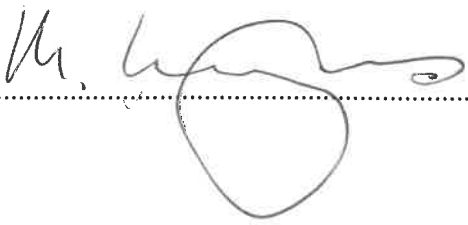
- there is no relevant information of which the Charity's auditors are unaware;
- the Trustees have taken all necessary steps to ensure that they are aware of any relevant auditable information and to ensure that the Charity's auditors are aware of that information.

The Trustees are responsible for the care and accuracy of the corporate and financial information that is included on the charity's website. Legislation in the United Kingdom that manages, prepares and distributes financial statements may differ from legislation in other authorities.

AUDITORS

The reappointment of the auditors, Llŷr James, will be proposed at the Annual Meeting.

The Trustees' report and the annual accounts were approved on 26 July 2021.


..... Professor M. Wynn Thomas

Opinion

We have audited the financial statements of the Books Council of Wales (the 'charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes, 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 FRS 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 charity's affairs as at 31 March 2021 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity 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.

Conclusion relating to a going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, 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.

Opinions on other matters prescribed by the Charities Act 2011

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the annual report and the trustees' report have 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ☐ adequate accounting records have not been kept; 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees 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 the Charities Act 2011, section 144, and report in accordance with regulations made under the Act and relevant regulations made or having effect thereunder. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Charities Act 2011. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the timing of recognition of grant income and expenditure to manipulate financial performance. Audit procedures performed included:

- Discussions with management, including consideration of potential instances of non-compliance with laws and regulation and fraud;
- Reviewing key correspondence with the Charity Commission in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes of Council and Executive Committee;
- Selecting a sample of transactions and tracing to documentation to establish that they are *bona fide* business transactions; and
- Selecting a sample of grant income and tracing to ensure that the corresponding expenditure is included in the same financial period
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BOOKS COUNCIL OF WALES FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

- as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....*Bethan Vaughan*.....

DATE: *26 July 2021*

BETHAN VAUGHAN

Senior Statutory Auditor

For and on behalf of

LLŶR JAMES Cyf.

Statutory Auditors

25 Bridge Street

Carmarthen

SA31 3JS

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Income through charitable activities						
Grants	3	1,130,277	630,000	3,171,013	4,931,290	4,466,742
Other Grants	4	–	–	234,729	234,729	146,500
Departmental Income	5	166,525	–	6,328	172,853	172,146
Other commercial activities						
Distribution Centre	9	2,339,569	–	–	2,339,569	2,799,725
Investments	5	–	–	4,734	4,734	4,984
Total incoming resources		3,636,371	630,000	3,416,804	7,683,175	7,590,097
Resources expended						
Charitable activities						
Grants distributed	6/7	–	–	2,600,723	2,600,723	2,548,100
Specific projects		–	–	532,208	532,208	308,383
Charitable expenditure	8	1,546,070	74,341	322,927	1,943,338	2,410,283
Other commercial activities						
Distribution Centre	9	2,338,201	–	–	2,338,201	2,787,240
Total resources expended	10	3,884,271	74,341	3,455,858	7,414,470	8,054,006
Net incoming resources before transfers		(247,900)	555,659	(39,054)	268,705	(463,909)
Other recognised gains / (losses)						
Actual gain / (loss) on defined benefit scheme	21	391,000	–	–	391,000	(1,063,000)
Movement on investments	14	–	–	24,877	24,877	(15,990)
Transfer between funds		4,734	–	(4,734)	–	–
Net movement in funds	23	147,834	555,569	(18,911)	684,582	(1,542,899)
Balances brought forward at 1 April 2020		(2,792,054)	307,215	323,351	(2,161,488)	(618,589)
Balances carried forward at 31 March 2021	18–20	(2,644,220)	862,874	304,440	(1,476,906)	(2,161,488)

No separate income and expenditure statement has been prepared.

The Charity Trustees wish to note that the pension fund has influenced the final financial outcome. They wish to note that the Dyfed Pension Fund is beyond the company's control.

The notes on pages 18 to 32 form a full part of these accounts.

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	£	2020 £	£
Fixed assets					
Tangible fixed assets	13	415,522		253,008	
Investments	14	188,006		163,127	
		<u>603,528</u>		<u>416,135</u>	
Current assets					
Debtors	15	273,029		715,678	
Distribution Centre stock		261,788		307,938	
Cash at bank and in hand	16	1,577,396		767,523	
		<u>2,112,213</u>		<u>1,791,139</u>	
Liabilities: Amounts falling due within one year	17	715,647		727,762	
Net current assets					
		<u>1,396,566</u>		<u>1,063,377</u>	
Total assets less liabilities		<u>2,000,094</u>		<u>1,479,512</u>	
Pension Fund	22	(3,477,000)		(3,641,000)	
		<u>(1,476,906)</u>		<u>(2,161,488)</u>	
Funds					
Unrestricted	18	832,780		848,947	
Pension Fund	22	(3,477,000)		(3,641,000)	
Unrestricted due to pension adjustment	18	(2,644,220)		(2,792,054)	
Designated	19	862,874		307,215	
Restricted	20	304,440		323,351	
		<u>(1,476,096)</u>		<u>(2,161,488)</u>	

Approved by the Honorary Chief Officers and Chief Executive of the Council on 26 July 2021 and signed on their behalf by

Professor M. WYNN THOMAS Chair

CHRIS HYWEL MACEY FCCA Treasurer

HELGARD KRAUSE Chief Executive

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

CASH FLOW FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
<i>Cash flow from operating activities</i>			
Net cash provided by operating activities	24	809,873	(258,450)
Cash at beginning of year		767,523	1,025,973
Cash at end of year	24	<u>1,577,396</u>	<u>767,523</u>

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a. Basis of preparation

The financial statements have been prepared in accordance with 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 (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Cyngor Llyfrau Cymru / Books Council of Wales meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy note(s).

b. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated based on purchase value. Commercial value is based on the objective of selling less than the estimated cost of disposal.

c. Preparation of the accounts on a going concern basis

Cyngor Llyfrau Cymru / Books Council of Wales has a deficit balance on the Balance Sheet of £1,476,906 (2020: £2,161,488). This is as a result of the introduction of the liability associated with the Defined Benefit Pension. The Pension Deficit is a long-term liability and the charity is able to meet all its current liabilities. The short-term liability of the pension deficit is recognised by the trustees and they are able to meet these obligations. The trustees are of the view that on this basis the charity is a going concern.

d. Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to carry on operating as a going concern, which the trustees consider appropriate.

The effects of the Covid-19 pandemic and the transfer of the Council's entity from a charity to a Charitable Incorporated Organisation (CIO) on 1 April 2021 has not affected this assumption.

e. Pension costs

Cyngor Llyfrau Cymru / Books Council of Wales operates a defined benefit pension within the Dyfed Pension Fund. With the adoption of FRS 102 in April 2014, this liability is shown in full on the Balance Sheet. The adjustments to the financial statement following this adjustment are shown in note 18, with the full pension liability shown in note 22.

f. Investments

Investments are stated at market value.

NOTES TO THE ACCOUNTS (CONTINUED)

g. **Fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, evenly over its expected useful life, as follows:

- Computers and other equipment – over 5 years (when completed)
- Fixtures and fittings – over 5 years

Freehold land and buildings are not depreciated as the residual value is higher than the value in the Balance Sheet.

h. **Grants payable**

Grants payable are charged to the Statement of Financial Activities when a constructive obligation exists notwithstanding that they may be paid in the future accounting periods.

i. **Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:

- Grants: where related to performance and specific deliverables, these are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of its recognition it is deferred and included in creditors. Where entitlement occurs before income being received the income is accrued. Capital grants are accounted for as income as soon as they are receivable.
- Trading Income: income raised through the operation of the Distribution Centre under the charity's management is considered at the time a contractual obligation exists.
- Legacies: entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. No value is included where the legacy is subject to a life interest held by another party.

j. **Tax**

The Charity is exempt from the need to pay corporation tax due to its charitable status.

k. **Events after the end of the reporting period**Covid-19

The effects of the Covid-19 pandemic have been considered on the measurement of assets and liabilities at the reporting date. No adjustments have been considered necessary to the financial statements.

Charitable Incorporated Organisation (CIO)

As of 1 April 2021, the Books Council of Wales is operating as a CIO and all assets and liabilities have been transferred from the charity at this date. No adjustments have been considered necessary to the financial statements.

2. Statement of Financial Movement

The surplus /(deficit) for the year after withdrawing the following:

	2021	2020
	£	£
Bank costs	6,837	8,121
Auditors' Fee	7,400	7,400
Depreciation	6,896	–

3. Grants received

	2021	2020
	£	£
Creative Wales – Welsh Government		
Core funding	1,129,277	1,100,900
Publishing Grants for distribution	2,600,723	2,548,100
Capital grant	630,000	30,000
Additional Emergency Grant	–	150,000
Additional capital grant	–	145,269
London Book Fair grant	–	15,000
Frankfurt Book Fair grant	–	9,000
Welsh Government		
Education – Reading Promotion Schemes	140,000	140,000
Department of Welsh in Education	405,632	300,000
Welsh in Education – Catalogue funding	4,999	2,000
Economic Resilience Fund	1,000	–
Museums, Archives and Libraries Division	19,659	26,473
	4,931,290	4,466,742

4. Other Grants

	2021	2020
	£	£
Ceredigion County Council	9,449	–
Merthyr Tydfil County Borough Council	35,280	–
The British Council	–	4,000
The Reading Agency	190,000	142,500
	234,729	146,500

5. Income – Other Departments and Investments

	2021	2020
	£	£
Unrestricted funds		
Editorial	16,205	22,009
Design	13,990	18,555
Communication and Marketing	–	96,162
Sales & Information	68,098	13,669
Children's Books and Reading Promotion	3,072	
Investment Income	4,734	
	7,806	7,984
Services to Schools	–	5,980
Various Income	65,160	8,004
Restricted funds		
Reading Promotion Scheme Sponsorship	3,559	4,101
T. Llew Jones Memorial Fund	2,768	–
Arts Council of Wales – London Book Fair	–	646
Promotion of Writers Fund	–	10
Mary Vaughan Jones Award	1	10
	177,587	177,130

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

6. Expenditure – Publishing Grants

	Note	2021	2020
		£	£
<u>Welsh-language</u>			
Grants towards books	7a	447,233	473,705
Authors' and illustrators' grants		402,730	325,828
Appointments and training scheme		211,285	214,184
Grants towards magazines	7b	356,414	386,340
Funding for Welsh-language press		200,000	210,489
Grants towards audio books		3,230	–
Grants towards marketing		29,565	35,250
Partnerships and research		5,390	5,046
Grants to booksellers		25,215	26,549
Grants for books for Welsh learners		–	666
Grants to create e-books		26,989	–
 <u>English-language</u>			
Grants towards books	7c	265,470	291,765
Grants towards magazines	7d	204,125	205,985
Grants towards marketing		46,484	47,580
Appointments scheme		135,625	88,550
Authors' grants		37,466	57,117
Classics		6,000	4,143
Training		1,875	3,763
Body to sector		3,000	–
Administrative costs		192,627	171,140
Total Publishing Grants		<u>2,600,723</u>	<u>2,548,100</u>

7. Grants per publisher

7a. Welsh-language Publishers – Grants for books	2021	2020
	£	£
Y Lolfa	124,966	116,301
Gwasg Carreg Gwalch	105,130	90,980
Gwasg Gomer	13,887	65,464
Rily	47,400	38,000
Gwasg y Dref Wen	43,520	43,520
Cyhoeddiadau Barddas	28,200	24,750
Atebol	28,165	24,000
Gwasg y Bwthyn	21,370	20,980
Dalen Llyfrau	5,760	8,750
PETRA	–	6,000
Cyhoeddiadau'r Gair	4,000	5,800
Cyhoeddiadau Curiad	2,600	5,300
Graffeg	4,085	4,680
Sain	–	2,000
Mee Partnership	–	1,950
Dalen Newydd	–	1,680
Gwasg Pantycelyn	–	1,600
University of Wales Press	4,000	1,500
Cyhoeddiadau Modern	–	450
Cara	2,450	–
Prompt publishing for Christmas payment	11,700	10,000
	447,233	473,705

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

7b. Welsh-language Publishers – Support for magazines

	2021	2020
	£	£
Barn	60,000	80,000
Golwg	77,000	77,000
O'r Pedwar Gwynt	36,500	34,000
Wcw	30,000	30,000
Y Cymro	24,000	24,000
Lysh	18,664	23,664
Cip	31,000	20,000
Barddas	20,000	20,000
Lingo Newydd	18,000	18,000
Cara	10,000	12,500
Y Selar	11,000	11,000
Mellten	–	10,500
Y Wawr	8,000	8,000
Llafar Gwlad	5,250	7,000
Y Traethodydd	4,000	4,000
Parallel Cymru	–	3,176
Cristion	1,500	2,000
Fferm a Thyddyn	1,500	1,500
	356,414	386,340

7c. English-language Publishers – Grants for books

	2021	2020
	£	£
Seren	95,000	95,000
Parthian	50,100	50,100
Honno	35,987	36,199
Gwasg Gomer	6,400	31,425
Firefly	35,200	28,700
Cinnamon Press	11,250	14,700
Gwasg Carreg Gwalch	1,500	14,600
University of Wales Press	7,500	11,250
Y Lolfa	12,816	5,000
Colin Thomas	–	2,000
New Welsh Review	2,900	1,800
Panel costs	4,017	991
Rily	1,800	–
Modern	1,000	–
	265,470	291,765

7d. English-language Publishers – Support for magazines

	2021	2020
	£	£
New Welsh Review	45,000	57,500
Planet	57,500	45,085
Poetry Wales	20,000	25,000
The Welsh Agenda & Click on Wales	17,500	21,875
Wales Arts Review	34,375	20,625
Nation.Cymru	25,000	20,000
The Ghostling	900	10,000
Grants for small magazines and tender advertisement	3,850	5,900
	204,125	205,985

8. Departmental Expenditure

	2021	2020
	£	£
Costs		
Editorial	105,985	107,238
Design	95,989	95,738
Communication and Marketing	117,134	217,506
Sales & Information (combined departments)	406,549	395,856
Children's Books	81,949	94,590
Reading Promotion Schemes	143,559	161,254
Reading Well Scheme	175,954	243,461
Renewal and Capital Expenditure and depreciation	74,341	105,883
Support costs	328,658	352,930
Unusual costs		
Provision for holiday pay	17,254	3,827
Additional pension contributions	95,700	—
Redundancy pay and reorganisation	73,266	—
Movement in Pension Scheme Obligation	227,000	632,000
	1,934,338	2,410,283

9. Income and Expenditure at the Distribution Centre

	2021	2020
	£	£
Income	2,339,569	2,799,725
Costs		
Books purchased	1,790,901	2,199,187
Salaries, insurance, pension	354,548	367,413
Running costs of vehicles	8,597	10,311
Travelling and subsistence	257	934
Carriage, post, packaging materials	97,570	103,669
Purchase and maintenance of equipment	30,839	33,643
Rent, rates, heating, lighting, telephone	11,585	11,922
Insurance, maintenance of buildings	12,354	13,886
Printing and stationery	2,344	2,811
Discounts allowed	17,188	29,415
Sundries	12,018	14,049
Total Expenditure	2,338,201	2,787,240
Surplus /(Deficit) for the year	1,368	12,485

10. Total cost of resources

	Staff costs	Other costs	Grants	Total 2021	Total 2020
	£	£	£	£	£
Direct charitable costs	1,577,944	3,428,430	2,408,096	7,414,470	8,054,006

11. Staff

	2021 £	2020 £
Salaries	1,200,357	1,148,429
Employer's National Insurance Contribution	110,036	103,114
Employer's Pension Contribution	171,851	164,222
Pension past service deficit	95,700	(24,400)
Total salaries	1,577,944	1,391,365
The average number of staff employed during the year (Full-time posts)	40	40

During the year, 1 member of staff (2020 – 1) earned, including national insurance, between £60,000 and £70,000.

Remuneration to key staff

Along with the Chief Executive, there are four heads of department (2020 – 4) who form the Senior Management Team, and the following payments were made during the year:

	2021 £	2020 £
Salaries	228,625	216,645
Social Security Costs	25,336	24,043
Pension Costs	33,608	31,354
	287,569	272,042

12. Remuneration to trustees

The trustees do not receive any remuneration as they are appointed by outside authorities or bodies and are not entitled to payment. The total cost paid to trustees (travelling to meetings etc.) during the year was £NONE (2020: £866).

13. Fixed Assets

	Freehold land and buildings £	Computers and other equipment £	Fixtures and fittings £	Total £
Value				
At 1 April 2020	253,008	225,987	10,821	489,816
Additions	—	134,930	34,480	169,410
At 31 March 2021	253,008	360,917	45,301	659,226
Depreciation				
at 1 April 2020	—	225,987	10,821	236,808
Provided during the year	—	—	6,896	6,896
at 31 March 2021	—	225,987	17,717	243,704
Net value				
at 31 March 2021	253,008	134,930	27,584	415,522
at 31 March 2020	253,008	—	—	253,008

All assets are used for charitable purposes.

14. Investments

The market value of these investments as at the end of the financial year was £188,006 (2020 – £163,127).

The investments are held by Blackrock in their Charinco and Charinshare Investment Funds that are based in the UK.

The investments are recognised at their commercial value at the balance sheet date. The investments have been revalued, and any gains or losses are recognised in the Financial Activities Analysis.

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

15. Debtors

	2021	2020
	£	£
Trade debtors	154,269	212,328
Other debtors	107,710	480,824
Prepayments	11,050	22,526
	<u>273,029</u>	<u>715,678</u>

All amounts stated are due in less than one year.

16. Cash at bank and in hand

	2021	2020
	£	£
Book Tokens	277,625	266,593
Others	1,299,719	500,930
	<u>1,577,344</u>	<u>767,523</u>

17. Liabilities: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	366,316	386,534
Book Tokens	223,664	213,031
Taxes and Pension	–	42,108
Other creditors	125,666	86,089
	<u>715,646</u>	<u>727,762</u>

There are no creditors for more than one year, excluding book tokens, where one cannot be certain when they will be paid.

18. Unrestricted Funds

	Balance			Transfers and pensions	Balance
	1 April 2020	Incoming	Outgoing		31 March 2021
	£	£	£	£	£
Capital Funds	500,000	–	–	–	500,000
Income Funds					
Pension Fund	(3,641,000)	–	227,000	391,000	(3,477,000)
Council	115,640	1,296,802	1,319,070	4,734	98,106
Distribution Centre	233,306	2,339,569	2,338,201	–	234,674
	<u>(2,792,054)</u>	<u>3,636,371</u>	<u>3,884,271</u>	<u>395,734</u>	<u>(2,644,220)</u>

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

19. Designated Fund

	Balance 1 April 2020 £	Incoming £	Outgoing £	Transfer £	Balance 31 March 2021 £
Capital Funding					
Welsh Government	76,521	630,000	74,341	—	632,180
Computer development fund	230,694	—	—	—	230,694
	<u>307,215</u>	<u>630,000</u>	<u>74,341</u>	<u>—</u>	<u>862,874</u>

20. Restricted Funds

		Balance 1 April 2020 £	Incoming £	Outgoing £	Balance 31 March 2021 £
Dr Dewi Davies Fund	i	49,858	1,783	(8,626)	60,267
Promotion of Authors Fund	ii	36,826	—	(7,781)	44,607
Mary Vaughan Jones Award	iii	4,848	1	—	4,849
Cymdeithas Lyfrau Ceredigion Fund	iv	76,444	2,951	(3,737)	83,132
Alun Creunant Davies Fund	v	4,000	—	3,414	586
Grants for distribution					
Publishing Grants	vi	—	2,600,723	2,600,723	—
Reading Promotion Schemes	vii	—	143,559	143,559	—
Dept. of Welsh in Education	viii	41,617	410,631	447,887	4,361
Emergency Grant	ix	100,000	—	47,235	52,765
Merthyr Tydfil County Borough Council	x	—	35,280	32,638	2,642
Ceredigion County Council	xi	—	9,449	4,449	5,000
T. Llew Jones Fund	xii	—	2,768	—	2,768
The Reading Agency – Reading Well	xiii	9,758	190,000	164,780	34,978
Museums, Archives and Libraries Division – Reading Well	xiv	—	19,659	11,174	8,485
		<u>323,351</u>	<u>3,416,804</u>	<u>3,435,715</u>	<u>304,440</u>

i. Dr Dewi Davies Fund

The interest on the fund is to be used to fund prizes for competitions to promote reading amongst children and young people.

ii. Promotion of Authors Fund

A general fund for the promotion of creative writing in Welsh.

iii. Mary Vaughan Jones Award

The fund is used every three years to award a person for an outstanding contribution in the field of children's books over a substantial period of time.

iv. Cymdeithas Lyfrau Ceredigion Fund

The interest of the fund is to be used to fund prizes for the Tir na n-Og competition and other activities to promote reading through the medium of Welsh amongst children and young people.

v. Alun Creunant Davies Fund

A donation received to produce a volume to celebrate the work of the Books Council, with some expenditure during the year – it will be published in October 2021.

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- vi. Welsh Government Publishing Grant**
An annual grant is received which is limited to specific purposes noted in the Action Plan and the Award Letter. The grant panels receive regular reports regarding this funding, and they approve any expenditure from the fund.
- vii. Reading Promotion Schemes**
An annual grant is received which is limited to reading promotion schemes (Quick Reads/Stori Sydyn, World Book Day and the Summer Reading Challenge). £140,000 of the funding is awarded by the Welsh Government's Education Department, with the remainder being an external contribution from Waterstones.
- viii. Department of Welsh in Education**
A sum of £330,000 was received to purchase resources for all schools in Wales – Iechyd Da programme – which was distributed between December and February 2021. A sum of £71,132 was received to purchase books for libraries in each local authority in Wales. Additional sums were received for the production of a children's books catalogue in 2020 (£4,999) and £4,500 for e-books to the education sector.
- ix. Emergency Grant**
An application was made to the Welsh Government for funding to support the books sector, and £150,000 was received in March 2020. A sum of £51,000 was distributed to booksellers in March 2020 and £46,235 for publishers in June 2020. The remainder will be distributed during 2021/22.
- x. Merthyr Tydfil County Borough Council**
In a joint project with the Stephens & George Charity, books were made available to disadvantaged families in Merthyr Tydfil county, with the funding coming through Merthyr Tydfil County Borough Council. The project came to an end during the year but the evaluation work continues in 2021/22.
- xi. Ceredigion County Council**
A joint project has been undertaken with Ceredigion County Council to distribute books to disadvantaged families in Ceredigion. The project came to an end during the year but an additional sum of £5,000 was received to fund a project with young carers that was completed in June 2021.
- xii. T. Llew Jones Fund**
A contribution was received from a charity that came to an end with the condition that the money would be used to promote the T. Llew Jones Fund. It is intended to arrange a theatrical performance with this funding when the COVID restrictions allow.
- xiii. The Reading Agency – Reading Well**
This is the third year of the Reading Well scheme. The money is provided by The Reading Agency, which is a British registered charity that has received funding for this project from the Welsh Government's Department of Health. This work is limited to the translation and publication of books relating to children's mental health, which will be available in libraries and for purchase. This project will come to an end in July 2021 and therefore a proportion of the grant has been carried to the next financial year.
- xiv. Museums, Archives and Libraries Division – Reading Well**
A grant of £19,659 from Gwynedd County Council was received towards the cost of the books in the Reading Well scheme and the distribution of books and e-books to local libraries.

21. Analysis of Net Assets Between Funds

	Fixed Assets £	Net Current Assets £	Long Term Creditors £	Total £
Restricted Funds				
Dr Dewi Davies Fund	60,267	–	–	60,267
Promotion of Authors Fund	44,607	–	–	44,607
Mary Vaughan Jones Award	–	4,849	–	4,849
Cymdeithas Lyfrau Ceredigion Fund	83,132	–	–	83,132
Alun Creunant Davies Fund	–	586	–	586
Emergency Grant	–	52,765	–	52,765
Department of Welsh in Education	–	4,361	–	4,361
Merthyr Tydfil County Borough Council	–	2,642	–	2,642
Ceredigion County Council	–	5,000	–	5,000
T. Llew Jones Fund	–	2,768	–	2,768
The Reading Agency – Reading Well	–	43,463	–	43,463
Restricted Funds	188,006	116,434	–	304,440
Designated Funds	162,514	700,360	–	862,874
Unrestricted Funds	253,008	579,772	(3,477,000)	(2,644,220)
	603,528	1,396,566	(3,477,000)	(1,476,906)

22. Pension Scheme

Nature of Scheme: Defined Benefit

Date of last full Actuarial Valuation: 31 March 2020

ACTUARIAL ASSUMPTIONS

Financial Assumptions	Beginning of Year	End of Year
Rate of inflation	2.10%	2.70%
Rate of increase in salaries	3.60%	4.20%
Rate of increase in pension	2.20%	2.80%
Discount rate	2.40%	2.10%

The end of year figures for the market value of the assets and split assets between investment categories have been calculated as at 31 March 2021. The corresponding figures for the start of the year have been calculated as at 31 March 2020.

Balance Sheet Items as at 31 March 2021

	£000
Market Value Assets	14,769
Liabilities	(17,478)
Surplus (Deficit)	<u>(3,477)</u>

Movement in Surplus during 2020/21

Surplus (Deficit) at the beginning of the year	(3,641)
Current Service Cost	(406)
Employer Contributions	269
Cost of previous contributions	—
Net Interest	(85)
Administration Costs	(5)
Actuarial Gain or (Loss)	391
Surplus /(Deficit) at the end of the year	<u>(3,477)</u>

Additional Disclosure Pension Assets

	Assets on 31.03.21		Assets on 31.03.20	
	£000	%	£000	%
Equities	10,361	74	8,145	73
Government Bonds	—		434	4
Other Bonds	1,624	12	1,124	10
Property	1,554	11	1,369	12
Liquidity	462	3	56	1
Total	<u>14,001</u>		<u>11,128</u>	
Liabilities on 31.03.21	<u>17,478</u>		<u>14,769</u>	

23. Net movement in the Funds

	2021	2020
	£	£
Unrestricted Funds		
Income Funds		
Distribution Centre	1,368	12,485
Council	(17,534)	36,235
Pension Fund	164,000	(1,695,000)
Designated Fund	555,659	69,386
Restricted Funds	(18,911)	33,995
	684,582	(1,542,899)

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

	2021	2020
	£	£
Net Income for the year	684,583	(1,542,899)
Adjustments:		
Capital expenditure	(169,410)	–
Depreciation	6,896	–
(Gains)/losses in value of investments	(24,877)	15,991
(Gains)/losses on defined benefit scheme	(164,000)	1,695,000
(Increase)/decrease in stock	46,150	(12,909)
(Increase)/decrease in debtors	442,646	(406,234)
Increase/(decrease) in creditors	(12,115)	(7,399)
Net cash provided by operating activities	809,873	(258,450)