



# **CYNGOR LLYFRAU CYMRU WELSH BOOKS COUNCIL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**  
**TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

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The trustees present their report together with the accounts for the year ending 31 March 2018.

**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
Registered Charity	505262
Registered Address	Castell Brychan Aberystwyth Ceredigion SY23 2JB
Auditors	Llŷr James Chartered 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

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**TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

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**Trustees**

Members of the Executive are the Welsh Books Council'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 2017/18 are:-

**Chief Officers**

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

**Local Authorities**

Councillor Nigel Smith	Conwy
Councillor Emlyn Dole	Carmarthenshire
Councillor Fiona M. Gordon	Swansea
Councillor Bob Greenland	Monmouthshire
Councillor Clive Meredith	Blaenau Gwent
Councillor Julian Simmons	Caerphilly

**Other Representatives**

Mr Richard Bellinger	County Librarians
Mr Gareth Griffiths	County Librarians
Mr Meilyr Rowlands / Mr Dyfrig Ellis	Estyn
-	Arts Council of Wales
-	WJEC
Mrs Linda Tomos	National Library of Wales
Mrs Kathryn Parry	CILIP Cymru Wales
Mr Ion Thomas / Bethan Gwanas	Friends of the Welsh Books Council
Ms Marian Delyth	Friends of the Welsh Books Council
Mr Dafydd John Pritchard	Literature Wales
Mr Robat Arwyn	Council Panels
Mrs Lorna Herbert Egan	Council Panels
Professor Daniel G. Williams	Council Panels
Rev. Lyn Léwis Dafis	Co-opted Members
Dr Cathryn Charnell-White	Co-opted Members

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**  
**TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

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**Constitution**

The Welsh Books Council's governing instrument is a written constitution. The Welsh Books Council is an independent unincorporated association established for charitable purposes only. The Constitution was amended on 30 June 2017.

**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**

**Reading for Pleasure – The Power of Reading**

Reflecting on my first full 12 months as Chief Executive of the Books Council and looking ahead to the coming financial year during a period of political and economic uncertainty, it comes as a great comfort that some universal truths remain unchanged; in particular the one that ultimately underpins, informs and guides our work: the transformative power of reading.

We have an excellent track record of working collaboratively and we have been a long-standing partner of the Reading Agency, World Book Day and Quick Reads, running a number of schemes that promote reading for pleasure in collaboration with schools and libraries. The reach and impact of these has been considerable and we are looking to extend our activities in these areas, actively pursuing new grant opportunities.

**Statistics of the Children's Books and Reading Promotion Department:**

No. of children who took part in the Summer Reading Challenge 2017	40,445
No. of counties that took part	100%
Sales of Quick Read titles	5,120
Visit to schools – Author Tours (4 tours)	18

Research has proved the link between reading and academic attainment, but also increasingly its impact on the general well-being of people. Never is this more true than when individuals see themselves, their lives and their communities reflected in the books and magazines they read. This not only pertains to original Welsh-language content, important as it undoubtedly is, but goes much further. A Welsh dimension in English-language publishing in Wales is equally important, especially when the output from our nearest neighbour, England, is not only readily available but also originates from the largest publishing sector in the world.

It is within this context that the long-term strategic support via our grants system ensures that publishers can invest in authentic Welsh voices that not only delight readers and nurture a sense of belonging but also inspire the next generation of authors. These micro-enterprises – and all of the publishers we support fall into this category – form an important part of the foundation economy: they are mostly located in rural, disadvantaged areas, yet offer skilled employment opportunities which are partly supported by us; they also make disproportionate use of local supply chains that underpin local communities and the Welsh economy.

Am restr lawn o  
gyhoeddwy'r o Gymru ewch i  
[www.yfasnachlyfrau.org.uk](http://www.yfasnachlyfrau.org.uk)  
For a full list of publishers in  
Wales go to [www.wbti.org.uk](http://www.wbti.org.uk)

## Cyhoeddwy'r yng Nghymru Publishers in Wales

<ol style="list-style-type: none"> <li>1 Gwasg Taf</li> <li>2 Bryntrion</li> <li>3 Y Sêl</li> <li>4 Gwasg Gee</li> <li>5 Cristion</li> <li>6 Gwasg y Bwthyn</li> <li>7 Cyhoeddiadau Gwynn</li> <li>8 Sain</li> <li>9 Curiad</li> <li>10 Fferm a Thyddyn</li> <li>11 Cyhoeddiadau'r Gair</li> <li>12 Cromen</li> <li>13 Cinnamon Press</li> <li>14 Gwasg Carreg Gwalch</li> <li>15 Llafar Gwlad</li> <li>16 Studymates</li> </ol>	<ol style="list-style-type: none"> <li>14 John Jones Publishing</li> <li>15 Brown Cow</li> <li>16 Bridge Books</li> <li>17 Bloodaxe (Wales)</li> <li>18 Cip</li> <li>19 Gwasg Gregynog Press</li> <li>20 Kittiwake</li> <li>21 Atebol</li> <li>22 Meliten</li> <li>23 Y Lolfa</li> <li>24 CAA Cymru</li> <li>25 Barddas</li> <li>26 New Welsh Review</li> <li>27 Planet</li> <li>28 Honno</li> <li>29 RCAHMW/ CBHC</li> <li>30 Y Wawr</li> <li>31 Cip</li> <li>32 Dalen</li> </ol>	<ol style="list-style-type: none"> <li>23 Parthian</li> <li>24 Welsh Country Magazine</li> <li>25 Golwg</li> <li>26 Golwg 360</li> <li>27 Lingo Newydd</li> <li>28 Wcw</li> <li>29 Y Traethodydd</li> <li>30 Greencroft</li> <li>31 Crown House</li> <li>32 Canolfan Peniarth</li> <li>33 Gomer</li> <li>34 Gwasg Dinefwr Press</li> <li>35 Tinopolis</li> <li>36 Graffeg</li> <li>37 Tŷ John Penry</li> <li>38 Alun Books</li> <li>39 Seren</li> <li>40 Poetry Wales</li> <li>41 Rily</li> </ol>
<ol style="list-style-type: none"> <li>36 Bloreng</li> <li>37 St David's Press</li> <li>38 CBAC / WJEC</li> <li>39 Gwasg y Dref Wen</li> <li>40 Houdmont</li> <li>41 Candy Jar</li> <li>42 Firefly</li> <li>43 Drake Education</li> <li>44 Eglwys yng Nghymru / Church in Wales</li> <li>45 Y Cymro</li> <li>46 Accent Press</li> <li>47 Gwasg Prifysgol Cymru / University of Wales Press</li> <li>48 The Welsh Agenda</li> <li>49 &amp; Click on Wales</li> <li>50 Wales Arts Review</li> <li>51 APECS</li> </ol>		

**CYNGOR LLYFRAU CYMRU**  
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**gwales.com**  
LLYFRAU AR-LEIN BOOKS ONLINE



terms. It is therefore a crucial link in a supply chain that services all of Wales and includes non-traditional outlets such as tourist information centres, Cadw, National Museums and the National Trust, whilst the international market is serviced through gwales.com.

#### Statistics for the Distribution Centre:

Number of books sold	530,897
Number of books in stock	475,911
Number of buying customers in 2017/18	494
Customers outside Wales	41
Value of sales outside Wales	£384,059
Number of suppliers to the Distribution Centre	553
Sales to top 10 highest suppliers	66%

The outlook for funding of the arts remains challenging and funding levels are predicted by many to further contract. It is against this backdrop that the Books Council is investing in additional skills in fundraising and bid writing, digital and IT, which will enable us not only to sustain but grow the services we offer. Our mission as a national charity is clear and already deeply embedded in the cultural and creative industries of Wales, and it is a natural next step to put the core pillars of the Well-being of Future Generations (Wales) Act at the very centre of our work.

A vibrant culture and thriving Welsh language	All of our work is focused around Welsh culture and the Welsh language
A globally responsible Wales	We invested in energy saving with light sensors and LED lights
A prosperous Wales	Cardiff University market research of the industry noted that we contribute £2.4m to the rest of the economy
A resilient Wales	Consultancy, training and support has led to stronger publishers
A healthier Wales	New initiatives such as Reading Well will provide the social prescription alternative bilingually
A more equal Wales	All Local Authorities have participated in our reading initiatives, from Summer Challenges to school quizzes
A Wales of cohesive communities	Our publications (both online and in print) support local journalism, reflecting local communities

Communicating the value of the book industry and how it impacts positively on communities and other sectors is becoming more pressing and we will strengthen this particular aspect of our work.

I am pleased that our trustees and all staff at the Books Council acknowledge that the challenges we are facing necessitate change, and I am grateful for the opportunity to lead a management team ready to engage with a review of our structures and processes at all levels. I am confident that this will only serve to strengthen our organisation, making it more resilient and enabling us to meet any future challenges with confidence and creativity.



**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**  
**TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

**Achievement and Performance**

It was a busy year for the Books Council due to preparing a series of titles for Welsh learners – Amdani, reading promotion activities (not listed below) and a joint venture with the Reading Agency, Darllen yn Well / Reading Well, preparing titles to be published in 2018/19 and 2019/20.

<b>KEY TARGETS 2017/18</b>		
	<b>2017/18 Target</b>	<b>2017/18 Achieved</b>
Manuscripts – Editorial Department	170	166
Number of titles assisted by the Design Department	110	110
Reviews on Gwales	200	197
Distribution Centre	£4.05m gross £2.7m net	£3,917,319 gross £2,633,272 net
Level of Distribution Centre debtors	No more than 2%	0.35%
Gwales: targets for on-line sales to shops and individuals	£3,042,530	£2,478,849
Services to Schools	No. of visits: 500	No. of visits: 424
	Value of orders: £400,000	Value of orders: £329,313
Outreach Scheme	Events: 350	Events: 351
	Sales: £150,000	Sales: £139,320

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**  
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<b>KEY TARGETS 2017/18 – PUBLISHING GRANTS</b>		
	<b>2017/18 Target</b>	<b>2017/18 Achieved</b>
<b>Publishing Grants (Welsh-language)</b>		
Number of titles published	215	208
Average sales	1,000 after 18 months	771
Number of Welsh-language magazines	15	15
Prompt publishing in accordance with the timescale	95%	99%
Average sales of magazines	2,850 – Leisure 2,220 – Journalism 1,650 – Children 600 – Literary and Cultural	2,898 – Leisure 2,070 – Journalism 1,680 – Children 719 – Literary and Cultural
<b>Publishing Grants (English-language)</b>		
Number of Literature Grant titles published	75	79
Number of author advance titles published	15 (to be published) (+ 10 commissioned)	16 (published) (+ 19 commissioned)
Marketing Grants	20	19
Number of literary magazines	5	5
Average sales of literary magazines	General – 1,000 Multi-focus – 500 Individual focus – 400	General – Print: 1,278 / Website: 6,348 Multi-focus: Print: 570 / Website: 1,944 Individual focus – Print: 572
Prompt publishing in accordance with the timetable	95%	95%

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**  
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**Financial Review**

A total income of £6.8m was received during the year compared to £6.7m in 2016/17. A total of £6.9m (£6.7m in 2016/17) was spent which leaves a net deficit of £98,010 (2016/17 – a remainder of £49,483). On 31 March 2018, the net assets (excluding pension liabilities) were £1.1m (2016/17: £1m).

**Reserves Policy**

This Reserves Policy is designed to ensure that the Council has sufficient funds to meet unforeseen capital expenditure and to deal with risk factors associated with the running of a Distribution Centre which does not receive funding from the public purse. The Books Council keeps these financial funds in a number of categories:

**Unrestricted Funds**

- Capital Funds – £450,000 to meet the historic cost of buildings and unexpected capital expenditure.
- Revenue Funds
  - Pension: At 31 March 2018, there was a remainder of £1,442,000 (2016/17: £1,842,000). 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.
  - Council: Maintain a reserve balance of no more than 5% of core funding (which equates to £55,045 in 2017/18).
  - Distribution Centre: Target of 6 months of overheads (£260,238 based on 2017/18 figures).

**Designated Funds**

A target of £200,000 for urgent computer developments which cannot be funded through normal revenue funding. This may include emergency or long-term projects on new systems. The fund was not used in 2017/18.

**Main sponsors**

We are extremely grateful to the Welsh Government for funding 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 visible future requirements.

**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. We cannot give a financial value to all this work; therefore, 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 2018 by the trustees or any other member of the Management Team.

**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 established to mitigate all such risks identified as part of this process.

**Going Concern Assumption**

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

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**TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

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**STATEMENT OF THE RESPONSIBILITIES OF THE TRUSTEES:**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

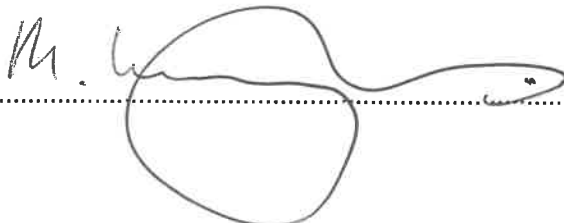
- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping suitable accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The re-appointment of the auditors, Llŷr James, is proposed at the Annual Meeting.

The Trustees' report and the annual accounts were approved on 7 December 2018.

  
.....Professor M. Wynn Thomas

## **CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE WELSH BOOKS COUNCIL FOR THE YEAR ENDED 31 MARCH 2018**

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#### **Opinion**

We have audited the financial statements of the Welsh Books Council for the year ended 31 March 2018 which comprises the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 going concern**

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

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

#### **Other information**

The other information comprises the information included in the 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.

#### **Matters on which we are required to report by exception**

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

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements;
- Sufficient accounting records have not been kept;
- The financial statements are not in agreement with the accounting records and returns; 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 which 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 company 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, s.144 and report in accordance with regulations made under s.154 of that act. 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.

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE WELSH BOOKS COUNCIL FOR THE  
YEAR ENDED 31 MARCH 2018 (Continued)**

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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditors-responsibilities](http://www.frc.org.uk/auditors-responsibilities). The description forms part of our auditor's report.

*Bethan Vaughan*

BETHAN VAUGHAN

SENIOR STATUTORY AUDITOR for and on behalf of

LLŶR JAMES CYF

Statutory Auditors

25 Bridge Street

Carmarthen

SA31 3JS

Date: .....*29-10-2018*.....



**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
<b>Income through charitable activities</b>						
Grants	3	1,100,900	209,750	2,699,033	4,009,683	3,897,925
Other Departments	4	165,289	–	15,028	180,317	176,111
<b>Other commercial activities</b>						
Distribution Centre	8	2,633,272	–	–	2,633,272	2,629,501
Investments	4	–	–	4,226	4,226	4,061
<b>Total incoming resources</b>		<b>3,899,461</b>	<b>209,750</b>	<b>2,718,287</b>	<b>6,827,498</b>	<b>6,707,598</b>
<b>Resources expended</b>						
<b>Charitable activities</b>						
Grants distributed	5/6	–	–	2,548,100	2,548,100	2,483,000
Charitable expenditure	7	1,418,004	179,750	150,933	1,748,687	1,547,290
<b>Other commercial activities</b>						
Distribution Centre	8	2,628,721	–	–	2,628,721	2,627,825
<b>Total resources expended</b>	<b>2</b>	<b>4,046,725</b>	<b>179,750</b>	<b>2,699,033</b>	<b>6,925,508</b>	<b>6,658,115</b>
<b>Net incoming resources before transfers</b>		<b>(147,264)</b>	<b>30,000</b>	<b>19,254</b>	<b>(98,010)</b>	<b>49,483</b>
<b>Other recognised gains / (losses)</b>						
Actual gain / (loss) on defined benefit scheme	21	624,000	–	–	624,000	36,000
Movement on investments	13	–	–	(1,949)	(1,949)	14,640
Transfer between funds		(25,774)	30,000	(4,226)	–	–
<b>Net movement in funds</b>	<b>22</b>	<b>450,962</b>	<b>60,000</b>	<b>13,079</b>	<b>524,041</b>	<b>100,123</b>
Balances brought forward at 1 April 2017		(1,188,819)	170,694	175,979	(842,146)	(942,269)
<b>Balances carried forward at 31 March 2018</b>	<b>17–19</b>	<b>(737,857)</b>	<b>230,694</b>	<b>189,058</b>	<b>(318,105)</b>	<b>(842,146)</b>

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 28 form a full part of these accounts.

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**

**BALANCE SHEET AS AT 31 MARCH 2018**

	Note	2018 £	£	2017 £
<b>Fixed assets</b>				
Tangible fixed assets	12	253,008		253,008
Investments	13	128,308		130,257
		<u>381,316</u>		<u>383,265</u>
<b>Current assets</b>				
Debtors	14	297,172	327,242	
Distribution Centre stock		329,097	432,229	
Cash at bank and in hand	15	1,074,387	886,242	
		<u>1,700,656</u>	<u>1,645,713</u>	
<b>Liabilities:</b> Amounts falling due within one year	16	958,077	1,029,124	
<b>Net current assets</b>			<u>742,579</u>	<u>616,589</u>
<b>Total assets less liabilities</b>		<b>1,123,895</b>		<b>999,854</b>
<b>Pension Fund</b>	21	(1,442,000)		(1,842,000)
		<u>(318,105)</u>		<u>(842,146)</u>
<b>Funds</b>				
Unrestricted	17	704,143	653,181	
Pension Fund	21	(1,442,000)	(1,842,000)	
Unrestricted due to pension adjustment	17	(737,857)		(1,188,819)
Designated	18	230,694		170,694
Restricted	19	189,058		175,979
		<u>(318,105)</u>		<u>(842,146)</u>

Approved by the Honorary Chief Officers and Chief Executive of the Council on 30 October 2018 and signed on their behalf by

Professor M. WYNN THOMAS Chairman

CHRIS HYWEL MACEY FCCA Treasurer

HELGARD KRAUSE Chief Executive

## CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL

## CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

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	Note	2018 £	2017 £
<i><b>Cash flows from operating activities</b></i>			
Net cash provided by operating activities	23	<b>188,145</b>	180,259
Cash at beginning of year		<b>886,242</b>	705,983
Cash at end of year	23	<u><b>1,074,387</b></u>	<u>886,242</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 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 has a deficit balance on the Balance Sheet of £318,105 (2017: £842,146). 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. Pension Costs**

Cyngor Llyfrau Cymru 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 21.

**e. Investments**

Investments are stated at market value.

**f. 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

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

**g. 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.

h. **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 taken into account 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.

i. **Tax**

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

**2. Statement of Financial Movement**

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

	2018	2017
	£	£
Bank costs	4,169	4,416
Auditors' Fee	7,500	6,700

**3. Grants received**

	2018	2017
	£	£
<b>Welsh Government</b>		
Core funding	1,100,900	1,073,000
Publishing Grants for distribution	2,548,100	2,483,000
Core capital grant	30,000	30,000
Additional capital grant	179,750	151,450
<b>Welsh Government DfES</b>		
Reading Promotion Schemes	150,933	140,000
Roald Dahl Scheme	—	20,475
	<b>4,009,683</b>	<b>3,897,925</b>

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**4. Income – Other Departments and Investments**

	<b>2018</b>	2017
	£	£
<b>Unrestricted funds</b>		
Editorial	<b>18,316</b>	21,117
Design	<b>20,855</b>	22,375
Sales and Marketing	<b>83,924</b>	85,115
Information Services	<b>16,249</b>	21,405
Children's Books	<b>16,092</b>	
Investment Income	<b>4,226</b>	
	<b>20,318</b>	20,454
Services to Schools	<b>4,430</b>	4,812
Reading Promotion Scheme Sponsorship	<b>4,584</b>	4,867
Various Income	<b>839</b>	–
<b>Restricted funds</b>		
Dr Dewi Davies Fund	<b>10,000</b>	–
Alun Creunant Davies Fund	<b>4,000</b>	–
Esmée Fairbairn Foundation	<b>1,000</b>	–
Promotion of Writers Fund	<b>24</b>	23
Mary Vaughan Jones Award	<b>4</b>	4
	<b>184,543</b>	180,172

**5. Expenditure – Publishing Grants**

	Nodyn	<b>2018</b>	2017
		£	£
<u>Welsh-language</u>			
Grants towards books	6a	<b>451,327</b>	454,863
Authors' and illustrators' grants		<b>299,749</b>	297,797
Appointments and training scheme		<b>191,474</b>	210,176
Grants towards magazines	6b	<b>349,276</b>	357,750
Funding for Welsh-language press		<b>204,250</b>	211,869
Grants towards CD-ROMs and games		<b>2,000</b>	4,700
Grants towards marketing		<b>54,953</b>	52,768
Market research		<b>28,741</b>	14,650
Grants to booksellers		<b>24,760</b>	25,976
Grants to books for Welsh learners		<b>70,238</b>	–
<u>English-language</u>			
Grants towards books	6c	<b>278,037</b>	299,249
Grants towards magazines	6d	<b>191,867</b>	176,209
Grants towards marketing		<b>41,283</b>	43,940
Appointments scheme		<b>86,342</b>	69,430
Authors' grants		<b>44,650</b>	42,000
Classics		<b>35,656</b>	37,202
Training		<b>9,894</b>	292
Administrative costs		<b>183,603</b>	184,129
Total Publishing Grants		<b>2,548,100</b>	2,483,000

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**6. Grants per publisher**

**6a. Welsh-language Publishers – Grants for books**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Y Lolfa	<b>123,388</b>	103,196
Gwasg Carreg Gwalch	<b>97,165</b>	87,480
Gwasg Gomer	<b>63,420</b>	96,537
Gwasg y Dref Wen	<b>45,254</b>	43,700
Rily	<b>38,800</b>	34,800
Cyhoeddiadau Barddas	<b>29,400</b>	30,000
Gwasg y Bwthyn	<b>13,750</b>	16,050
Cyhoeddiadau'r Gair	<b>10,800</b>	9,000
Dalen Llyfrau	<b>5,000</b>	5,000
Atebol	<b>6,500</b>	11,600
University of Wales Press	<b>3,400</b>	1,000
Gwasg Pantycelyn	<b>3,000</b>	–
Cyhoeddiadau Curiad	<b>2,350</b>	1,000
Francis Boutle	<b>2,000</b>	–
Firefly	<b>1,300</b>	–
Dalen Newydd	–	1,400
Gwasg Gee	–	4,500
Honno	–	1,700
Pic2Share	–	500
Theatr Genedlaethol Cymru	–	1,600
Prompt publishing for Christmas payment	<b>5,800</b>	5,800
	<b>451,327</b>	454,863

**6b. Welsh-language Publishers – Support for magazines**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Barn	<b>80,000</b>	80,000
Golwg	<b>73,000</b>	73,000
Wcw	<b>30,000</b>	30,000
Cip	<b>26,000</b>	26,000
O'r Pedwar Gwynt	<b>20,000</b>	25,000
Barddas	<b>24,000</b>	24,000
Lingo Newydd	<b>18,000</b>	18,000
Y Cymro	<b>18,000</b>	18,000
Mellten	<b>14,000</b>	14,000
Y Selar	<b>11,000</b>	11,000
Y Wawr	<b>10,000</b>	10,000
Llafar Gwlad	<b>7,000</b>	7,000
Y Traethodydd	<b>6,000</b>	6,000
Cristion	<b>4,800</b>	4,800
Fferm a Thyddyn	<b>1,500</b>	1,500
Marketing grants for the above	<b>5,976</b>	9,450
	<b>349,276</b>	357,750

## CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL

## NOTES TO THE ACCOUNTS (CONTINUED)

**18. Designated Fund**

	Balance 1 April 2017 £	Incoming £	Outgoing £	Balance 31 March 2018 £
Capital Funding				
Welsh Government	–	209,750	179,750	30,000
Computer development fund	170,694	30,000	–	200,694
	<u>170,694</u>	<u>239,750</u>	<u>179,750</u>	<u>230,694</u>

**19. Restricted Funds**

		Balance 1 April 2017 £	Incoming £	Outgoing £	Balance 31 March 2018 £
Dr Dewi Davies Fund	i	47,250	10,000	115	57,135
Promotion of Authors Fund	ii	40,895	24	–	40,919
Mary Vaughan Jones Award	iii	4,827	4	–	4,831
Cymdeithas Lyfrau Ceredigion Fund	iv	83,007	–	1,834	81,173
Alun Creunant Davies Fund	v	–	4,000	–	4,000
Esmée Fairbairn Foundation	vi	–	1,000	–	1,000
Grants for distribution					
Publishing Grants		–	2,548,100	2,548,100	–
Reading Promotion Schemes		–	150,933	150,933	–
		<u>175,979</u>	<u>2,714,061</u>	<u>2,700,982</u>	<u>189,058</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.

**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.

**vi. Esmée Fairbairn Foundation**

A gift received to celebrate National Poetry Day in October 2018.



## CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL

## NOTES TO THE ACCOUNTS (CONTINUED)

**6c. English-language Publishers – Grants for books**

	2018	2017
	£	£
Seren	95,000	70,277
Parthian	52,200	62,598
Honno	34,702	53,362
Gwasg Gomer	27,235	56,559
Firefly	22,000	11,000
Cinnamon Press	15,050	17,400
Y Lolfa	11,950	14,800
Gwasg Carreg Gwalch	9,200	8,700
University of Wales Press	6,700	4,250
Martin Dawes	2,000	–
Rily	2,000	–
Tender costs	–	503
	<b>278,037</b>	<b>299,449</b>

**6d. English-language Publishers – Support for magazines**

	2018	2017
	£	£
Planet	50,424	51,900
New Welsh Review	62,500	50,000
Poetry Wales	25,000	25,000
The Welsh Agenda & Click on Wales	25,000	25,000
Wales Arts Review	20,000	20,000
Grants for small magazines	5,800	2,600
Training	3,143	1,709
	<b>191,867</b>	<b>176,209</b>

**7. Expenditure of the departments**

	2018	2017
	£	£
<b>Costs</b>		
Editorial	107,511	108,207
Design	101,653	100,818
Sales and Marketing	377,339	371,943
Information Services	72,047	85,211
Children's Books	78,555	79,960
Services to Schools	129,367	143,073
Reading Promotion Schemes	155,517	165,342
Renewal and Capital Expenditure	179,750	151,450
Support costs	334,167	341,286
<b>Unusual costs</b>		
Provision for holiday pay	(11,219)	–
Movement in Pension Scheme Obligation	224,000	–
	<b>1,748,687</b>	<b>1,547,290</b>

## CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL

## NOTES TO THE ACCOUNTS (CONTINUED)

## 8. Income and Expenditure at the Distribution Centre

	2018 £	2017 £
<b>Income</b>	<b>2,633,272</b>	<b>2,629,501</b>
<b>Costs</b>		
Books purchased	2,107,440	2,107,814
Salaries, insurance, pension	313,687	299,748
Running costs of vehicles	10,637	10,524
Travelling and subsistence	1,754	1,207
Carriage, post, packaging materials	80,383	97,158
Purchase and maintenance of equipment	34,939	31,265
Rent, rates, heating, lighting, telephone	22,648	23,380
Insurance, maintenance of buildings	12,346	9,677
Printing, stationery	1,821	1,625
Discounts allowed	28,306	30,578
Sundries	11,010	11,499
Auditors' fees	3,750	3,350
<b>Total Expenditure</b>	<b>2,628,721</b>	<b>2,627,825</b>
Surplus /(Deficit) for the year	<b>4,551</b>	<b>1,676</b>

## 9. Total cost of resources

	Staff costs	Other costs	Grants	Total 2018	Total 2017
	£	£	£	£	£
Direct charitable costs	1,352,521	3,208,490	2,364,497	6,925,508	6,658,115

## 10. Staff

	2018 £	2017 £
Salaries	1,076,382	1,106,623
Employer's National Insurance Contribution	97,851	98,866
Employer's Pension Contribution	154,988	155,285
Pension past service deficit	23,300	22,400
<b>Total salaries</b>	<b>1,352,521</b>	<b>1,383,174</b>
The average number of staff employed during the year (Full-time posts)	<b>39</b>	<b>41</b>

During the year, 1 member of staff (2017 – 1) earned, including national insurance, between £60,000 and £70,000.

# CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL

## NOTES TO THE ACCOUNTS (CONTINUED)

### Remuneration to key staff

Along with the Chief Executive, there are three heads of department (2017 – 1) who form the Senior Management Team, and the following payments were made during the year:-

	2018 £	2017 £
Salaries	133,494	99,828
Social Security Costs	15,043	11,536
Pension Costs	20,241	14,726
	<u>168,778</u>	<u>126,090</u>

### 11. 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 £675 (2017: £617).

### 12. Fixed Assets

	Freehold land and buildings £	Computers and other equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
at 1 April 2017 and 31 March 2018	<u>253,008</u>	<u>225,987</u>	<u>10,821</u>	<u>489,816</u>
<b>Depreciation</b>				
at 1 April 2017	–	225,987	10,821	236,808
Provided during the year	–	–	–	–
at 31 March 2018	<u>–</u>	<u>225,987</u>	<u>10,821</u>	<u>236,808</u>
<b>Net value</b>				
at 31 March 2018	<u>253,008</u>	<u>–</u>	<u>–</u>	<u>253,008</u>
at 31 March 2017	<u>253,008</u>	<u>–</u>	<u>–</u>	<u>253,008</u>

All assets are used for charitable purposes.

### 13. Investments

The market value of these investments as at the end of the financial year was £128,308 (2017 – £130,257).

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 re-valued and any gains or losses are recognised in the Financial Activities Analysis.

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**14. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>192,095</b>	220,924
Other debtors	<b>69,123</b>	50,556
Prepayments	<b>35,954</b>	55,762
	<b><u>297,172</u></b>	<b><u>327,242</u></b>

All amounts stated are due in less than one year.

**15. Cash at bank and in hand**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Book Tokens	<b>255,454</b>	251,649
Others	<b>818,933</b>	634,593
	<b><u>1,074,387</u></b>	<b><u>886,242</u></b>

**16. Liabilities: Amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>393,863</b>	458,877
Book Tokens	<b>204,776</b>	200,802
Taxes and Pension	<b>46,876</b>	45,127
Other creditors	<b>312,562</b>	324,318
	<b><u>958,077</u></b>	<b><u>1,029,124</u></b>

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

**17. Unrestricted Funds**

	<b>Balance 1 April 2017 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Balance 31 March 2018 £</b>
Capital Funds	<b>450,000</b>	–	–	<b>450,000</b>
Income Funds				
Pension Fund	<b>(1,842,000)</b>	–	(400,000)	<b>(1,442,000)</b>
Council	<b>(895)</b>	1,271,994	1,225,583	<b>45,516</b>
Distribution Centre	<b>204,076</b>	2,627,467	2,622,916	<b>208,627</b>
	<b><u>(1,188,819)</u></b>	<b><u>3,899,461</u></b>	<b><u>3,448,499</u></b>	<b><u>(737,857)</u></b>

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**20. Analysis of Net Assets Between Funds**

	<b>Tangible Fixed Assets</b>	<b>Investments</b>	<b>Net Current Assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Restricted Funds</b>				
Dr Dewi Davies Fund	–	47,135	10,000	<b>57,135</b>
Promotion of Authors Fund	–	–	40,919	<b>40,919</b>
Mary Vaughan Jones Award	–	–	4,831	<b>4,831</b>
Cymdeithas Lyfrau Ceredigion Fund	–	81,173	–	<b>81,173</b>
Alun Creunant Davies Fund	–	–	4,000	<b>4,000</b>
Esmée Fairbairn Foundation	–	–	1,000	<b>1,000</b>
<b>Restricted Funds</b>	<b>–</b>	<b>128,308</b>	<b>60,750</b>	<b>189,058</b>
<b>Designated Funds</b>	<b>–</b>	<b>–</b>	<b>230,694</b>	<b>230,694</b>
<b>Unrestricted Funds</b>	<b>253,008</b>	<b>–</b>	<b>(990,865)</b>	<b>(737,857)</b>
	<b>253,008</b>	<b>128,308</b>	<b>(699,421)</b>	<b>(318,105)</b>

**21. Pension Scheme**

Nature of Scheme: Defined Benefit

Date of last full Actuarial Valuation: 31 March 2016

**ACTUARIAL ASSUMPTIONS**

<b>Financial Assumptions</b>	<b>Beginning of Year</b>	<b>End of Year</b>
Rate of inflation	2.30%	2.10%
Rate of increase in salaries	3.80%	3.60%
Rate of increase in pension	2.30%	2.20%
Discount rate	2.50%	2.60%

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 2018. The corresponding figures for the start of the year have been calculated as at 31 March 2017.

**Balance Sheet Items as at 31 March 2018**

	<b>£000</b>
Market Value Assets	11,452
Liabilities	(12,894)
Surplus (Deficit)	<u>(1,442)</u>

**Movement in Surplus during 2017/18**

Surplus (Deficit) at beginning of year	(1,842)
Current Service Cost	(352)
Employer Contributions	178
Net Interest	(44)
Administration Costs	(6)
Actuarial Gain or (Loss)	624
Surplus / (Deficit) at end of year	<u>(1,442)</u>

**CYNGOR LLYFRAU CYMRU / WELSH BOOKS COUNCIL**

**NOTES TO THE ACCOUNTS (CONTINUED)**

**Additional Disclosure Pension Assets**

	Assets on 31.03.18		Assets on 31.03.17	
	£000	%	£000	%
Equities	8,085	71	7,870	71
Other Bonds	2,222	19	2,165	19
Property	1,076	9	1038.0	9
Liquidity	69	1	89.0	1
Total	<u>11,452</u>		<u>11,162</u>	
Liabilities on 31.03.18	<u>12,894</u>			

**22. Net movement in the Funds**

	2018 £	2017 £
Unrestricted Funds		
Income Funds		
Distribution Centre	4,551	1,676
Council	46,411	2,780
Pension Fund	400,000	36,000
Designated Fund	60,000	45,000
Restricted Funds	13,079	14,667
	<u>524,041</u>	<u>100,123</u>

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

	2018 £	2017 £
Net Income for the year	524,041	100,123
Adjustments:		
(Gains)/losses in value of investments	1,949	(14,640)
(Gains)/losses on defined benefit scheme	(400,000)	(36,000)
(Increase)/decrease in stock	103,132	49,331
(Increase)/decrease in debtors	30,070	(10,678)
Increase/(decrease) in creditors	(71,047)	92,123
Net cash provided by operating activities	<u>188,145</u>	<u>180,259</u>