



CYNGOR LLYFRAU CYMRU
BOOKS COUNCIL of WALES

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

Registered Charity: 505262

www.books.wales

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CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report, together with the accounts for the year ending 31 March 2020.

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 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 2020

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 2019/20 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 Paul Rowlinson | Gwynedd |
| Councillor Ian B. Roberts | Flintshire |
| Councillor Edwin Roderick | Powys |
| Councillor Gordon C. Kemp | Vale of Glamorgan |
| Councillor Jason Hughes | Newport |
| Councillor Geraint E. Hopkins | Rhondda Cynon Taf |
| Councillor Ernie C. Galsworthy | Merthyr Tydfil |

Other Representatives

| | |
|--|---------------------------------------|
| Mr Richard Bellinger | County Librarians |
| Mr Gareth Griffiths | County Librarians |
| Mr Meilyr Rowlands / Mr Dyfrig Ellis | Estyn |
| – | Arts Council of Wales |
| 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 |

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

It is impossible to avoid mentioning that, as we close our accounts and look back at this recent financial year, we find ourselves in the midst of an unprecedented situation, the COVID-19 Pandemic. It will no doubt bring in its wake a raft of new challenges which makes our achievements in 2019/20 all the more important. The significant capital investment into our IT infrastructure gained new significance in that it enabled us, in the middle of March, to move almost all the staff at Castell Brychan into a home-working set-up in a matter of days, meaning that almost all services continued to be provided without interruption. The Distribution Centre was closed for the last two weeks of March to allow for detailed risk assessments and planning, to ensure that services for the book industry would be able to resume in a safe and coordinated manner upon reopening.

This last financial year saw the rebranding of our organisation with a new logo and a name change to Books Council of Wales, which will enable us to communicate more effectively with a wider range of stakeholders and to promote our support for the two national languages of Wales.

2019/20 proved to be a challenging year for independent booksellers, who continued to feel the effect of less consumer spending and a greater shift to large online retailers. Christmas overall was disappointing and not helped by a December general election – which is why the decision of the Welsh Government to purchase resources via independent bookshops in the last quarter of the financial year had a significant impact on these booksellers, publishers and the Distribution Centre, leading to an increase of 3.76% on last year's turnover. In combination with efficiency savings from IT investments, further stringent cost controls led to a modest profit for the Distribution Centre.

It is a matter of great delight and pride that Creative Wales announced at the end of January that publishing was regarded as a priority sector, as *"a healthy publishing industry is an essential part of Wales's cultural identity; through our support of the Books Council of Wales (BCW), we will continue to support essential Services for the publishing industry in both the Welsh and the English languages"*. The even closer cooperation with Welsh Government will allow us to engage on a deeper and cross-sectoral level – it has, for example, already led to promising new initiatives with S4C and BBC Wales. It will also enable us to lead on the further strategic planning for international book fairs, building on the success of Wales at the London Book Fair as well as the culture delegation to Frankfurt International Book Fair in October 2019.

To enable sector networking and training, we organised a conference in Llanelli for publishers in cooperation with Business Wales, and a one-day event in Aberystwyth with the Booksellers Association of Great Britain and Ireland in support of booksellers in Wales. Both events were warmly

welcomed by the participating businesses and we are looking towards establishing these as regular events.

Our reading promotion activities were kicked off with a successful launch of the Quick Reads/Stori Sydyn programme; we were delighted to welcome the Education Minister Kirsty Williams as keynote speaker at the Norwegian Church in Cardiff Bay, and the celebrations continued with a packed-out event to announce the English-language winner of the Tir na n-Og Award. Through our other Reading for Pleasure activities we reached a total of about 8,000 children in Wales. In support of these programmes, as well as our other work, we made new investments in our PR and communications capacity which has seen a significant increase in social media activity and reach, especially with the #carudarllen #lovereadings hashtags.

In mid May we had the pleasure of welcoming Eluned Morgan, the Minister for International Relations and the Welsh Language, at our Distribution Centre for her to witness at first hand the key services we provide not only to the book sector but also to libraries, schools and heritage and tourism destinations. During the summer, the Chief Executive Officer of the organisation was honoured with a fellowship of the Learned Society of Wales for services to the Arts, and received honorary membership of the Royal Society of Architects in Wales for contributions to architectural publishing in Wales.

We continued our cooperation with The Reading Agency to deliver the second phase of translating the Reading Well list on adult mental health into Welsh, making a diverse range of self-help books available for the first time in the Welsh language.

To expand our success in delivering the recommendations of Dr Siwan Rosser's report, *Survey of Books for Children and Young People (2017)*, we funded – in cooperation with Literature Wales – a week-long workshop at Tŷ Newydd Writing Centre to develop illustrated books for children; in addition, we are cofunding a 3-year KESS PhD with the University of Wales Trinity St David on the internationalisation of children's publishing in Wales.

Our collaboration with Literature Wales continues:

- Members of Literature Wales's Senior Team attend the Books Council's Publishing Grants Panel, and representatives of the Books Council attend Literature Wales's Writers' Bursaries Panel;
- The Books Council are active partners on a bid for a SMART Expertise grant that Literature Wales will submit in the autumn. The proposed project aims to increase the range of Welsh authors and literatures published, stocked, grant-aided and booked for events through a sector-wide data capture system;
- Funding a course on Writing for Young People at Literature Wales's Tŷ Newydd Writing Centre in February 2020;
- Collaboration on London Book Fair arrangements;
- Working in partnership on the Wales Book of the Year Award;
- Continuing to work in partnership (with others) on the Bardd Plant Cymru (Welsh-language Children's Poet Laureate) scheme;
- The Books Council of Wales and Literature Wales have made a wider contribution to the literary society, e.g. steering, advising and funding, particularly in under-represented communities;
- Both organisations enjoy regular marketing and promotional support through both organisations' websites and social media accounts.

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Achievement and Performance

| KEY TARGETS 2019/20 | | |
|---|--|--|
| | 2019/20 Target | 2019/20 Achieved |
| Number of manuscripts – Editorial Department | 170 | 170 |
| Number of titles assisted by the Design Department | 110 | 107 |
| Distribution Centre | £4.05m gross £2.7m net | £4,165,541 gross £2,777,027 net |
| Level of Distribution Centre debtors | No more than 2% | 2.33% |
| Gwales: targets for online sales to shops and individuals | £3,041,420 | £2,819,326 |
| Services to Schools | Visits: 500 Value of orders: £400,000 | Visits: 505 Value of orders: £183,784 |
| Outreach Scheme | Events: 350 Sales: £150,000 | Events: 334 Sales: £156,032 |

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

| KEY TARGETS 2019/20 – PUBLISHING GRANTS | | |
|--|--|---|
| | 2019/20 Target | 2019/20 Achieved |
| Publishing Grants (Welsh-language) | | |
| Number of titles published | 215 | 215 |
| Average sales | 1,000 after 18 months | 846 |
| Number of Welsh-language magazines | 15 | 15 |
| Prompt publishing in accordance with the timescale | 95% | 95.5% |
| Publishing Grants (English-language) | | |
| Number of Literature Grant titles published | 75 | 81 |
| Number of author advance titles published | 15 (to be published) (+ 10 commissioned) | 15 (published) (+ 24 commissioned) |
| Marketing Grants | 20 | 14 |
| Number of literary magazines | 5 | 6 |
| Average sales of literary magazines | General – 1,000 Multi-focus – 500 Individual focus – 400 | General – Print: 1,413 / Website: 59,865 Multi-focus: Print: 512 / Website: 11,408 Individual focus – Print: 292 / Website: 3,525 |
| Prompt publishing in accordance with the timetable | 95% | 95% |

Financial Review

A total income of £7.6m was received during the year compared to £7m in 2018/19. Additional grants were secured, including £300,000 from the Department of Welsh in Education to purchase books for schools, £150,000 emergency funding for the sector and £145,269 additional capital grant.

COVID-19 brought down the value of the investments, which had an impact on the pension scheme evaluation. Of the expenditure of £8.1m (compared to £7m in 2018/19), £632,000 of this was movement in the pension scheme valuation, mainly responsible for the net deficit of £463,909 (compared to the net deficit of £41,369 in 2018/19).

At 31 March 2020, net assets (excluding pension liabilities) stood at £1.5m (2018/19: £1.3m). The increase is due to the timing of receipt of project funding which was spent after the end of the financial year. A pension deficit certainly clouds the positive financial performance, where the Distribution Centre has been able to generate profits, despite rising costs, and where there have been savings in internal costs. It will be necessary for us to ensure that internal costs remain low in order to ensure that there is enough funding for the publishers, authors, shops and reading promotion projects.

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 2020, there was a deficit of £3,641,000 (2018/19: £1,946,000). 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 2019/20). The fund is £115,641 this year, mainly because of COVID-19 and because events scheduled for the end of March were cancelled.
 - Distribution Centre: Target of a sufficient fund to cover overheads for 6 months (excluding discount) (£279,319 based on 2019/20 figures). The size of the fund this year is £233,306, and as such it is quite close to the target.

Designated Funds

A target of £230,000 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 2019/20, but the funding is needed as match funding for the funding of a new system.

Restricted Funds

These funds are for use only as noted in note 19.

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 2020 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.

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES
TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 10 July 2020.



..... Professor M. Wynn Thomas

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 2020

Opinion

We have audited the financial statements of the Books Council of Wales for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including the 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 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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

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

- 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 (Accounts and Reports) Regulations 2008* require 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, 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

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 2020 (Continued)

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

DATE:*29 June 2020*.....

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 2020

| | Note | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Total Funds 2020 £ | Total Funds 2019 £ |
|--|--------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Income through charitable activities | | | | | | |
| Grants | 3 | 1,100,900 | 175,269 | 3,190,573 | 4,466,742 | 3,863,831 |
| Other Grants | 3 | — | — | 146,500 | 146,500 | 195,000 |
| Departmental Income | 4 | 172,136 | — | 10 | 172,146 | 198,277 |
| Other commercial activities | | | | | | |
| Distribution Centre | 8 | 2,799,725 | — | — | 2,799,725 | 2,698,281 |
| Investments | 4 | — | — | 4,984 | 4,984 | 4,706 |
| Total incoming resources | | 4,072,761 | 175,269 | 3,342,067 | 7,590,097 | 6,960,095 |
| Resources expended | | | | | | |
| Charitable activities | | | | | | |
| Grants distributed | 5/6 | — | — | 2,548,100 | 2,548,100 | 2,548,100 |
| Emergency grant and Grant to schools | | — | — | 308,383 | 308,383 | — |
| Charitable expenditure | 7 | 1,873,786 | 105,883 | 430,614 | 2,410,283 | 1,767,277 |
| Other commercial activities | | | | | | |
| Distribution Centre | 8 | 2,787,240 | — | — | 2,787,240 | 2,686,087 |
| Total resources expended | 2 | 4,661,026 | 105,883 | 3,287,097 | 8,054,006 | 7,001,464 |
| Net incoming resources before transfers | | (588,265) | 69,386 | 54,970 | (463,909) | (41,369) |
| Other recognised gains / (losses) | | | | | | |
| Actual gain / (loss) on defined benefit scheme | 21 | (1,063,000) | — | — | (1,063,000) | (259,000) |
| Movement on investments | 13 | — | — | (15,990) | (15,990) | (115) |
| Transfer between funds | | 4,984 | — | (4,984) | — | — |
| Net movement in funds | 22 | (1,646,281) | 69,386 | 33,996 | (1,542,899) | (300,484) |
| Balances brought forward at 1 April 2019 | | (1,145,773) | 237,829 | 289,355 | (618,589) | (318,105) |
| Balances carried forward at 31 March 2020 | 17-19 | (2,792,054) | 307,215 | 323,351 | (2,161,488) | (618,589) |

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 17 to 29 form a full part of these accounts.


CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

BALANCE SHEET AS AT 31 MARCH 2020

| | Note | 2020 | | 2019 | |
|---|------|-------------------------|---------------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | | 253,008 | | 253,008 |
| Investments | 13 | | 163,127 | | 179,118 |
| | | | <u>416,135</u> | | <u>432,126</u> |
| Current assets | | | | | |
| Debtors | 14 | 715,678 | | 309,444 | |
| Distribution Centre stock | | 307,938 | | 295,029 | |
| Cash at bank and in hand | 15 | 767,523 | | 1,025,973 | |
| | | <u>1,791,139</u> | | <u>1,630,446</u> | |
| Liabilities: Amounts falling due within one year | | | | | |
| | 16 | 727,762 | | 735,161 | |
| Net current assets | | | <u>1,063,377</u> | | <u>895,285</u> |
| Total assets less liabilities | | | <u>1,479,512</u> | | <u>1,327,411</u> |
| Pension Fund | 21 | | (3,641,000) | | (1,946,000) |
| | | | <u>(2,161,488)</u> | | <u>(618,589)</u> |
| Funds | | | | | |
| Unrestricted | 17 | 848,947 | | 800,227 | |
| Pension Fund | 21 | (3,641,000) | | (1,946,000) | |
| Unrestricted due to pension adjustment | 17 | | (2,792,053) | | (1,145,773) |
| Designated | 18 | | 307,215 | | 237,829 |
| Restricted | 19 | | 323,351 | | 289,355 |
| | | | <u>(2,161,488)</u> | | <u>(618,589)</u> |

Approved by the Honorary Chief Officers and Chief Executive of the Council on 10 July 2020 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 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-----------------------|------------------|
| <i>Cash flow from operating activities</i> | | | |
| Net cash provided by operating activities | 23 | (258,450) | (48,414) |
| Cash at beginning of year | | 1,025,973 | 1,074,387 |
| Cash at end of year | 23 | <u>767,523</u> | <u>1,025,973</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 £2,161,488 (2019: £618,589). 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 / 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 17, 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 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.

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:

| | 2020 | 2019 |
|---------------|-------|-------|
| | £ | £ |
| Bank costs | 8,121 | 8,628 |
| Auditors' Fee | 7,400 | 7,000 |

3. Grants received

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Welsh Government | | |
| Core funding | 1,100,900 | 1,100,900 |
| Publishing Grants for distribution | 2,548,100 | 2,548,100 |
| Core capital grant | 30,000 | 30,000 |
| Additional Emergency Grant | 150,000 | – |
| Additional capital grant | 145,269 | – |
| London Book Fair grant | 15,000 | 15,000 |
| Frankfurt Book Fair grant | 9,000 | – |
| Welsh Government DfES | | |
| Reading Promotion Schemes | 140,000 | 140,000 |
| Department of Welsh in Education | 300,000 | – |
| Catalogue grant | 2,000 | 4,900 |
| Museums, Archives and Libraries Division | 26,473 | 24,931 |
| | <u>4,466,742</u> | <u>3,863,831</u> |
| Other Grants | | |
| The British Council | 4,000 | 5,000 |
| The Reading Agency | 142,500 | 190,000 |
| | <u>146,500</u> | <u>195,000</u> |

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

4. Income – Other Departments and Investments

| | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Unrestricted funds | | |
| Editorial | 22,009 | 24,713 |
| Design | 18,555 | 21,359 |
| Communication and Marketing | 96,162 | – |
| Sales & Information (combined departments) | 13,669 | 112,189 |
| Information Services | – | 16,053 |
| Children’s Books and Reading Promotion | 3,000 | |
| Investment Income | 4,984 | |
| | <u>7,984</u> | 20,513 |
| Services to Schools | 5,980 | 5,219 |
| Reading Promotion Scheme Sponsorship | 4,101 | – |
| Various Income | 8,004 | 2,924 |
| Restricted funds | | |
| Arts Council of Wales – London Book Fair | 646 | – |
| Promotion of Writers Fund | 10 | 6 |
| Mary Vaughan Jones Award | 10 | 7 |
| | <u>177,130</u> | <u>202,983</u> |

5. Expenditure – Publishing Grants

| | Note | 2020 | 2019 |
|-------------------------------------|------|------------------|------------------|
| | | £ | £ |
| <u>Welsh-language</u> | | | |
| Grants towards books | 6a | 473,705 | 434,527 |
| Authors’ and illustrators’ grants | | 325,828 | 395,600 |
| Appointments and training scheme | | 214,184 | 165,096 |
| Grants towards magazines | 6b | 386,340 | 363,267 |
| Funding for Welsh-language press | | 210,489 | 200,000 |
| Grants towards CD-ROMs and games | | – | 2,500 |
| Grants towards marketing | | 35,250 | 47,996 |
| Market research | | 5,046 | 12,075 |
| Grants to booksellers | | 26,549 | 27,776 |
| Grants for books for Welsh learners | | 666 | 29,707 |
| <u>English-language</u> | | | |
| Grants towards books | 6c | 291,765 | 329,917 |
| Grants towards magazines | 6d | 205,985 | 169,006 |
| Grants towards marketing | | 47,580 | 43,550 |
| Appointments scheme | | 88,550 | 75,414 |
| Authors’ grants | | 57,117 | 39,150 |
| Classics | | 4,143 | 26,067 |
| Training | | 3,763 | 4,508 |
| Administrative costs | | <u>171,140</u> | <u>181,944</u> |
| Total Publishing Grants | | <u>2,548,100</u> | <u>2,548,100</u> |

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

6. Grants per publisher

| 6a. Welsh-language Publishers – Grants for books | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Y Lolfa | 116,301 | 115,000 |
| Gwasg Carreg Gwalch | 90,980 | 95,830 |
| Gwasg Gomer | 65,464 | 48,198 |
| Rily | 38,000 | 39,200 |
| Gwasg y Dref Wen | 43,520 | 38,094 |
| Cyhoeddiadau Barddas | 24,750 | 24,000 |
| Atebol | 24,000 | 23,000 |
| Gwasg y Bwthyn | 20,980 | 6,450 |
| Dalen Llyfrau | 8,750 | 7,500 |
| Colin Thomas | – | 3,000 |
| Honno | – | 1,800 |
| Firefly | – | 1,550 |
| PETRA | 6,000 | – |
| Cyhoeddiadau'r Gair | 5,800 | 12,450 |
| Cyhoeddiadau Curiad | 5,300 | – |
| Graffeg | 4,680 | 620 |
| Sain | 2,000 | – |
| Mee Partnership | 1,950 | – |
| Dalen Newydd | 1,680 | 135 |
| Gwasg Pantycelyn | 1,600 | – |
| University of Wales Press | 1,500 | – |
| Cyhoeddiadau Modern | 450 | – |
| Prompt publishing for Christmas payment | 10,000 | 17,700 |
| | 473,705 | 434,527 |

6b. Welsh-language Publishers – Support for magazines

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Barn | 80,000 | 80,000 |
| Golwg | 77,000 | 74,000 |
| O'r Pedwar Gwynt | 34,000 | 26,000 |
| Wcw | 30,000 | 30,000 |
| Y Cymro | 24,000 | 18,000 |
| Lysh | 23,664 | 9,670 |
| Cip | 20,000 | 24,500 |
| Barddas | 20,000 | 23,000 |
| Lingo Newydd | 18,000 | 18,000 |
| Cara | 12,500 | – |
| Y Selar | 11,000 | 11,000 |
| Mellten | 10,500 | 14,000 |
| Y Wawr | 8,000 | 9,500 |
| Llafar Gwlad | 7,000 | 7,000 |
| Y Traethodydd | 4,000 | 5,500 |
| Mam Cymru | – | 3,000 |
| Parallel Cymru | 3,176 | 1,825 |
| Cristion | 2,000 | 4,100 |
| Fferm a Thyddyn | 1,500 | 1,500 |
| Cost of tendering for magazines 2019–2023 | – | 2,672 |
| | 386,340 | 363,267 |

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

6c. English-language Publishers – Grants for books

| | 2020 | 2019 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Seren | 95,000 | 114,000 |
| Parthian | 50,100 | 50,100 |
| Honno | 36,199 | 33,602 |
| Gwasg Gomer | 31,425 | 56,565 |
| Firefly | 28,700 | 22,000 |
| Cinnamon Press | 14,700 | 14,850 |
| Gwasg Carreg Gwalch | 14,600 | 9,500 |
| University of Wales Press | 11,250 | 12,500 |
| Y Lolfa | 5,000 | 14,800 |
| Colin Thomas | 2,000 | – |
| New Welsh Review | 1,800 | – |
| Panel costs | 991 | – |
| Rily | – | 2,000 |
| | 291,765 | 329,917 |

6d. English-language Publishers – Support for magazines

| | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| New Welsh Review | 57,500 | 37,500 |
| Planet | 45,085 | 50,000 |
| Poetry Wales | 25,000 | 25,000 |
| The Welsh Agenda & Click on Wales | 21,875 | 25,000 |
| Wales Arts Review | 20,625 | 26,875 |
| Nation.Cymru | 20,000 | – |
| The Ghastling | 10,000 | – |
| Cost of interviews and advertising for tenders | 300 | 2,031 |
| Grants for small magazines | 5,600 | 2,600 |
| | 205,985 | 169,006 |

7. Departmental Expenditure

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Costs | | |
| Editorial | 107,238 | 122,529 |
| Design | 95,738 | 92,402 |
| Communication and Marketing | 217,506 | – |
| Sales & Information (combined departments) | 395,856 | 409,832 |
| Information Services | – | 68,365 |
| Children's Books | 94,590 | 91,438 |
| Services to Schools | – | 130,555 |
| Reading Promotion Schemes | 161,254 | 154,931 |
| Reading Well Scheme | 243,461 | 98,601 |
| Renewal and Capital Expenditure | 105,883 | 52,865 |
| Support costs | 352,929 | 326,297 |
| Unusual costs | | |
| Provision for holiday pay | 3,827 | (2,038) |
| Movement in Pension Scheme Obligation | 632,000 | 221,500 |
| | 2,410,282 | 1,767,277 |

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

8. Income and Expenditure at the Distribution Centre

| | 2020 | 2019 |
|---|------------------|-----------|
| | £ | £ |
| Income | 2,799,725 | 2,698,281 |
| Costs | | |
| Books purchased | 2,199,187 | 2,149,628 |
| Salaries, insurance, pension | 367,413 | 332,858 |
| Running costs of vehicles | 10,311 | 12,045 |
| Travelling and subsistence | 934 | 1,514 |
| Carriage, post, packaging materials | 103,669 | 99,036 |
| Purchase and maintenance of equipment | 33,643 | 29,932 |
| Rent, rates, heating, lighting, telephone | 11,922 | 8,547 |
| Insurance, maintenance of buildings | 13,886 | 8,675 |
| Printing and stationery | 2,811 | 2,200 |
| Discounts allowed | 29,415 | 29,859 |
| Sundries | 14,049 | 11,793 |
| Total Expenditure | 2,787,240 | 2,686,087 |
| Surplus /(Deficit) for the year | 12,485 | 12,194 |

9. Total cost of resources

| | Staff costs | Other costs | Grants | Total 2020 | Total 2019 |
|-------------------------|-------------|-------------|-----------|---------------|---------------|
| | £ | £ | £ | £ | £ |
| Direct charitable costs | 1,391,365 | 4,246,484 | 2,416,156 | 8,054,006 | 7,001,464 |

10. Staff

| | 2020 | 2019 |
|--|------------------|-----------|
| | £ | £ |
| Salaries | 1,148,429 | 1,100,281 |
| Employer's National Insurance Contribution | 103,114 | 100,802 |
| Employer's Pension Contribution | 164,222 | 155,220 |
| Pension past service deficit | (24,400) | (23,496) |
| Total salaries | 1,391,365 | 1,332,807 |
| The average number of staff employed during the year (Full-time posts) | 40 | 40 |

During the year, 1 member of staff (2019 – 1) earned, including national insurance, between £60,000 and £70,000.

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES**NOTES TO THE ACCOUNTS (CONTINUED)****Remuneration to key staff**

Along with the Chief Executive, there are four heads of department (2019 – 4) who form the Senior Management Team, and the following payments were made during the year:

| | 2020 | 2019 |
|-----------------------|-----------------------|----------------|
| | £ | £ |
| Salaries | 216,645 | 202,672 |
| Social Security Costs | 24,043 | 22,410 |
| Pension Costs | 31,354 | 29,793 |
| | <u>272,042</u> | <u>254,875</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 £866 (2019: £785).

12. Fixed Assets

| | Freehold land and buildings £ | Computers and other equipment £ | Fixtures and fittings £ | Total £ |
|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------------|----------------|
| Cost | | | | |
| at 1 April 2019 and 31 March 2020 | <u>253,008</u> | <u>225,987</u> | <u>10,821</u> | <u>489,816</u> |
| Depreciation | | | | |
| at 1 April 2019 | – | 225,987 | 10,821 | 236,808 |
| Provided during the year | – | – | – | – |
| at 31 March 2020 | <u>–</u> | <u>225,987</u> | <u>10,821</u> | <u>236,808</u> |
| Net value | | | | |
| at 31 March 2020 | <u>253,008</u> | <u>–</u> | <u>–</u> | <u>253,008</u> |
| at 31 March 2019 | <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 £163,127 (2019 – £179,118).

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)

14. Debtors

| | 2020 | 2019 |
|---------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 212,328 | 230,637 |
| Other debtors | 480,824 | 50,269 |
| Prepayments | 22,526 | 28,538 |
| | <u>715,678</u> | <u>309,444</u> |

All amounts stated are due in less than one year.

15. Cash at bank and in hand

| | 2020 | 2019 |
|-------------|----------------|------------------|
| | £ | £ |
| Book Tokens | 266,593 | 256,952 |
| Others | 500,930 | 769,021 |
| | <u>767,523</u> | <u>1,025,973</u> |

16. Liabilities: Amounts falling due within one year

| | 2020 | 2019 |
|-------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 386,533 | 406,247 |
| Book Tokens | 213,032 | 204,776 |
| Taxes and Pension | 42,108 | 40,551 |
| Other creditors | 86,089 | 83,587 |
| | <u>727,762</u> | <u>735,161</u> |

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

17. Unrestricted Funds

| | Balance | | | | Balance |
|------------------------|--------------------|------------------|------------------|------------------------------|--------------------|
| | 1 April 2019 | Incoming | Outgoing | Transfers and pensions | 31 March 2020 |
| | £ | £ | £ | £ | £ |
| Capital Funds | 500,000 | – | – | – | 500,000 |
| Income Funds | | | | | |
| Pension Fund | (1,946,000) | – | 632,000 | (1,063,000) | (3,641,000) |
| Council | 79,406 | 1,273,036 | 1,241,785 | 4,984 | 115,641 |
| Distribution Centre | 220,821 | 2,799,725 | 2,787,240 | – | 233,306 |
| | <u>(1,145,773)</u> | <u>4,072,761</u> | <u>4,661,025</u> | <u>(1,058,016)</u> | <u>(2,792,053)</u> |

CYNGOR LLYFRAU CYMRU / BOOKS COUNCIL OF WALES

NOTES TO THE ACCOUNTS (CONTINUED)

18. Designated Fund

| | Balance 1 April 2019 £ | Incoming £ | Outgoing £ | Transfer £ | Balance 31 March 2020 £ |
|---------------------------|------------------------------|----------------|----------------|---------------|-------------------------------|
| Capital Funding | | | | | |
| Welsh Government | 7,135 | 175,269 | 105,883 | – | 76,521 |
| Computer development fund | 230,694 | – | – | – | 230,694 |
| | <u>237,829</u> | <u>175,269</u> | <u>105,883</u> | <u>–</u> | <u>307,215</u> |

19. Restricted Funds

| | | Balance 1 April 2019 £ | Incoming £ | Outgoing £ | Balance 31 March 2020 £ |
|--|------|---------------------------------|------------------|------------------|----------------------------------|
| Dr Dewi Davies Fund | i | 57,328 | 1,882 | 9,352 | 49,858 |
| Promotion of Authors Fund | ii | 40,321 | – | 3,495 | 36,826 |
| Mary Vaughan Jones Award | iii | 4,838 | 10 | – | 4,848 |
| Cymdeithas Lyfrau Ceredigion Fund | iv | 81,469 | 3,102 | 8,127 | 76,444 |
| Alun Creunant Davies Fund | v | 4,000 | – | – | 4,000 |
| Grants for distribution | | | | | |
| Publishing Grants | vi | – | 2,548,100 | 2,548,100 | – |
| Reading Promotion Schemes | vii | – | 157,153 | 157,153 | – |
| Dept. of Welsh in Education | viii | | 300,000 | 258,383 | 41,617 |
| Emergency Grant | ix | | 150,000 | 50,000 | 100,000 |
| The British Council | x | | 4,000 | 4,000 | – |
| Children's Books Catalogue | xi | | 2,000 | 2,000 | – |
| London and Frankfurt Book Fairs | xii | – | 24,000 | 24,000 | – |
| The Reading Agency – Reading Well | xiii | 101,399 | 142,500 | 234,141 | 9,758 |
| Museums, Archives and Libraries Division – Reading Well | xiv | – | 9,320 | 9,320 | – |
| | | <u>289,355</u> | <u>3,342,067</u> | <u>3,308,071</u> | <u>323,351</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.

- 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 a contribution from the Museums, Archives and Libraries Division.
- viii. **Department of Welsh in Education**
A sum of £300,000 was received to purchase resources for all schools in Wales. The intention was to distribute all the books before the end of March 2020, but due to COVID-19 restrictions it was not possible to distribute everything before the end of the financial year, and this work will be completed when schools reopen.
- ix. **Emergency Grant**
An application was made to the Welsh Government for funding to support the books sector, and £150,000 was received before the end of the financial year. £50,000 was distributed to bookshops before the end of the financial year, with the remainder being distributed during 2020/21.
- x. **The British Council**
A sum of £4,000 was received to undertake specific work at international book fairs, and Mercator was commissioned to undertake this work.
- xi. **Children's Books Catalogue**
A sum of £2,000 was received from the Department of Welsh in Education towards the 2020 Children's Books Catalogue which was sent out in February and March to promote children's books.
- xii. **London and Frankfurt Book Fairs**
On behalf of a partnership of organisations, £15,000 was received from the Welsh Government to fund a presence at the London Book Fair and £9,000 to send a delegation of publishers to the Frankfurt Book Fair. The money has been spent in its entirety and no funding is being carried forward to the next financial year.
- xiii. **The Reading Agency – Reading Well**
This is the second 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 translation and publication of books relating to dementia and mental health, which will be available in libraries and for purchase. Due to the timing of the project, a high proportion of the grant has been carried to the next financial year.
- xiv. **Museums, Archives and Libraries Division – Reading Well**
A grant of £9,320 was received towards the cost of the books in the Reading Well scheme and the distribution of books to local libraries.

20. Analysis of Net Assets Between Funds

| | Fixed Assets £ | Net Current Assets £ | Long Term Creditors £ | Total £ |
|-----------------------------------|-----------------------|-------------------------------|-----------------------------|---------------------------|
| Restricted Funds | | | | |
| Dr Dewi Davies Fund | 49,858 | – | – | 49,858 |
| Promotion of Authors Fund | 36,826 | – | – | 36,826 |
| Mary Vaughan Jones Award | – | 4,848 | – | 4,848 |
| Cymdeithas Lyfrau Ceredigion Fund | 76,444 | – | – | 76,444 |
| Alun Creunant Davies Fund | – | 4,000 | – | 4,000 |
| Department of Welsh in Education | – | 41,617 | – | 41,617 |
| Emergency Grant | – | 100,000 | – | 100,000 |
| The Reading Agency – Reading Well | – | 9,758 | – | 9,758 |
| Restricted Funds | <u>163,128</u> | <u>160,223</u> | – | <u>323,351</u> |
| Designated Funds | – | 307,215 | – | <u>307,215</u> |
| Unrestricted Funds | <u>253,008</u> | <u>595,939</u> | <u>(3,641,000)</u> | <u>(2,792,053)</u> |
| | <u><u>416,136</u></u> | <u><u>1,063,377</u></u> | <u><u>(3,641,000)</u></u> | <u><u>(2,161,487)</u></u> |

21. Pension Scheme

Nature of Scheme: Defined Benefit

Date of last full Actuarial Valuation: 31 March 2019

ACTUARIAL ASSUMPTIONS

| Financial Assumptions | Beginning of Year | End of Year |
|------------------------------|--------------------------|--------------------|
| Rate of inflation | 2.20% | 2.10% |
| Rate of increase in salaries | 3.70% | 3.60% |
| Rate of increase in pension | 2.30% | 2.30% |
| Discount rate | 2.40% | 2.50% |

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 2020. The corresponding figures for the start of the year have been calculated as at 31 March 2019.

Balance Sheet Items as at 31 March 2020

| | £000 |
|---------------------|----------------|
| Market Value Assets | 11,128 |
| Liabilities | (14,769) |
| Surplus (Deficit) | <u>(3,641)</u> |

Movement in Surplus during 2019/20

| | |
|--|----------------|
| Surplus (Deficit) at the beginning of the year | (1,946) |
| Current Service Cost | (411) |
| Employer Contributions | 140 |
| Cost of previous contributions | (169) |
| Net Interest | (48) |
| Administration Costs | (4) |
| Actuarial Gain or (Loss) | (1,203) |
| Surplus / (Deficit) at the end of the year | <u>(3,641)</u> |

Additional Disclosure Pension Assets

| | Assets on 31.03.20 | | Assets on 31.03.19 | |
|-------------------------|-----------------------|----|-----------------------|----|
| | £000 | % | £000 | % |
| Equities | 8,145 | 73 | 8,486 | 69 |
| Government Bonds | 434 | 4 | 750 | 6 |
| Other Bonds | 1,124 | 10 | 1,316 | 11 |
| Property | 1,369 | 12 | 1,673 | 13 |
| Liquidity | 56 | 1 | 74 | 1 |
| Total | <u>11,128</u> | | <u>12,299</u> | |
| Liabilities on 31.03.20 | <u>14,769</u> | | | |

22. Net movement in the Funds

| | 2020 | 2019 |
|---------------------|--------------------|------------------|
| | £ | £ |
| Unrestricted Funds | | |
| Income Funds | | |
| Distribution Centre | 12,485 | 12,194 |
| Council | 36,235 | 83,890 |
| Pension Fund | (1,695,000) | (504,000) |
| Designated Fund | 69,386 | 7,135 |
| Restricted Funds | 33,995 | 100,297 |
| | <u>(1,542,899)</u> | <u>(300,484)</u> |

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

| | 2020 | 2019 |
|---|------------------|-----------------|
| | £ | £ |
| Net Income for the year | (1,542,899) | (300,484) |
| Adjustments: | | |
| (Gains)/losses in value of investments | 15,991 | (50,810) |
| (Gains)/losses on defined benefit scheme | 1,695,000 | 504,000 |
| (Increase)/decrease in stock | (12,909) | 34,068 |
| (Increase)/decrease in debtors | (406,234) | (12,272) |
| Increase/(decrease) in creditors | (7,399) | (222,916) |
| Net cash provided by operating activities | <u>(258,450)</u> | <u>(48,414)</u> |