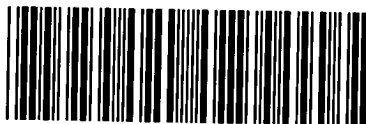


Libraries Unlimited South West
Trustees' Report and Financial Statements
For the Year Ended 31 March 2019

Charity Number: 1170092
Company Number: 09822597

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Libraries Unlimited South West

Report and Financial Statements

Year Ended 31 March 2019

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Libraries Unlimited South West

Reference and Administrative Details

Year Ended 31 March 2019

Libraries Unlimited South West (commonly referred to as "Libraries Unlimited") is a Registered Charity and Company Limited by guarantee and does not have any share capital. Its governing document is the Memorandum and Articles of Association.

The company was incorporated on 13 October 2015, commenced trading on 1 April 2016 and registered as a charity on 9 November 2016.

Trustees

The Trustees of the Charity who served during the period and to the date of the Trustees' report were:

Chair: Julie Dent (Resigned 26 September 2018)
William Harvey (Appointed 26 November 2018)
Vice Chair: David Lockwood (Resigned 22 March 2019)

Trustees: Sarah O'Brien (Appointed 23 April 2019)
Ann Draisey (Resigned 26 May 2018)
Ciara Eastell (Resigned 18 April 2019)
Janet Fisher (Resigned 22 March 2019)
Thomas Glanville (Appointed 16 November 2018)
Alexander Kittow (Appointed 3 July 2019)
George Lossius (Appointed 23 April 2019)
Emily Macaulay
Andrew Prince (Appointed 20 July 2018)
Sue Simmons
Steve Wallwork (Resigned 26 September 2018)
Richard Watts
Tabitha Witherick (Appointed 21 September 2018)
Morgen Witzel

Principal and Registered Office: Exeter Library, Castle Street, Exeter, Devon, EX4 3PQ

Registered Charity No. 1170092

Registered Company No. 09822597

Chief Executive Ciara Eastell (Resigned 18 April 2019)
Alex Kittow (Appointed 1 June 2019)

Key Management Personnel Head of Service Delivery: Jo Launder
Director of Finance & Operations: Karen Best (Appointed 5 September 2018)
Head of ICT & Digital: Phil Blay
Head of Commercial and Innovation: Steve Turner

Bankers: Barclays Bank plc
Exeter, Devon
EX1 1LX

Solicitors: Kitsons Solicitors
Torquay, Devon
TQ2 7FA

Auditors: PKF Francis Clark
Torquay, Devon
TQ2 7FF

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

The Trustees, who are also directors for the purposes of company law, present their annual report and audited financial statements for the year ended 31 March 2019.

This report satisfies the legal requirements for:

- a Directors' Report for a charitable company
- a Strategic Report under the Companies Act 2006
- a Trustees' Annual Report under the Charities Act 2011

OUR VISION

"Bringing ideas, imagination, information and knowledge to people's lives and communities."

OUR MISSION

The Charity's mission sets out how we achieve our vision. The Charity will:

- promote and encourage a love of reading;
- provide free access to information to help people in their everyday lives; support people of all ages to learn, imagine, create, succeed and realise their potential;
- guide and support library users to explore and connect to the wider world;
- offer a welcoming space to meet, socialise, learn, read and enjoy new experiences; support the health and wellbeing of individuals and local communities.

LEGAL OBJECTS

The Charity has been established for public benefit to:

- promote the advancement of education by the establishment and/or maintenance of a library and/or library service
- establish and/or maintain a library and/or library service in and throughout Devon, including, but not limited to, rural communities and with a particular focus on children and young people
- provide or assist in the provision of community facilities referred to as "Community Hubs" to be available to all sections of the community without distinction, including use for meetings, learning, reading, sharing and/or for other educational and/or recreational or leisure time activities provided in the interests of social welfare, with the object of improving the conditions of life for all those who use the facilities; and/or
- promote the advancement of education of the arts by the establishment and maintenance of a museum and/or art gallery
- develop the capacity and skills of the members of the local community, and particularly children and young people, who are socially or economically disadvantaged in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- pursue such other charitable purposes consistent with the above.

PUBLIC BENEFIT

The trustees have ensured that the charity's activities are to the public benefit, and they have had regard to the Charity Commission's guidance on public benefit.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

STRATEGIC REPORT

STRATEGIC AIMS

In delivering its overall charitable purposes, Libraries Unlimited established four strategic aims to drive activities and assess its effectiveness. These are as follows:

- Establish as a viable and sustainable organisation (this is considered in the financial review)
- Support local communities
- Improve outcomes
- Widen participation across all communities

ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

Core Library Services – supporting local communities

The Charity has five-year contracts with Devon County Council and Torbay Council for the provision of library and information services to residents, businesses and visitors to Devon. The Councils have the ability to extend these contracts for a further five years subject to effective performance. We work in collaboration with the Councils to support their statutory duties under the Public Libraries and Museums Act 1964 and specifically ensure that local services:

- serve both adults and children;
- work in partnership with other groups, organisations and agencies;
- are available to everyone and meet any special needs or requirements of members of the local community;
- encourage participation and full use of the services; and
- provide value for money.

We deliver this service through 54 static libraries across Devon's communities. Libraries Unlimited and the Councils are committed to maintaining the current provision of physical libraries, along with the number of hours that branches are open to the public and supported by paid library professionals. In addition to branch libraries, we provide four mobile libraries that serve rural areas and offer a home delivery service to customers that are unable to access other services.

Key developments in the period have included:

- Official opening of Topsham Library in a new location on 2nd July 2018
- Numerous events and collaboration days to engage customers and stakeholders across our libraries, including the Youth Engagement project, digital leadership workshops, Women in the community, and various events focused on children's learning
- Completion of Unlimited Value project in collaboration with the University of Exeter Business School and other partners, supported by a grant from Arts Council England. This delivered research into the social value and outcomes delivered by libraries within communities
- Delivery of various arts and culture events as part of being a National Portfolio Organisation (NPO) with funding from the Arts Council England
- The contract to support the Prison services ended in March 2019 and was not renewed
- Ciara Eastell announced her resignation as Chief Executive and recruitment activities resulted in the appointment of her replacement

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

Alongside these key developments we had over 3.2m million visits to libraries in 2018/19, with customers borrowing books and resources, using workspace, accessing ICT, and enjoying learning and social activities.

Key Operating Indicators (April 2018 – March 2019)

Library Visits	3,276,630
Book loans	1,877,465
Computer & Wi-Fi hours	587,236
Attendance at events	200,515
Active borrowers	153,919

Widen Participation

The number of library visits increased by 19% in 2018/19 and there was an increase of 45% in attendance at events. The number of active borrowers increased 12% year on year, and this is mirrored in the increase in computer / Wi-Fi hours of use which has increased 10%. This was partly driven by our Torbay contract, but also by increased marketing and promotion of services and events, plus the introduction of new facilities, such as the opening of the Fab Lab in Barnstaple library in February 2018.

FINANCIAL REVIEW

Financial Performance – Headline Indicators

Total Income	£8,574,000
Total Surplus	£138,000
Net Surplus Margin	1.6%
Cash flow from operating activities	(£1,616,000)
Current ratio	1.49
Unrestricted reserves	£559,000

Financial Performance – Income and Surplus

The Statement of Financial Activities shows that the Charity generated a net increase in funds of £138,000 on an annual income of £8,574,000. The budgeted surplus for the period under review was £242,000. The surplus for the period was below budget due to differences in the recovery of redundancy and ICT strategy costs from the Councils.

Balance sheet position and cash flows

The Charity is primarily a service provider organisation that does not hold property. As a result, balance sheet strength is driven by an excess of current assets over current liabilities. The cash position, £1.141m at 31 March 2019, remains strong and payments under local authority service contracts and the Arts Council England funding for NPO will continue to be received quarterly in advance. In addition, the Charity is debt free which eliminates any interest rate risk from UK monetary policy.

Reserves Policy

The charity needs unrestricted reserves to protect against uncertainty and change in the external environment and to provide investment into service development and new initiatives that deliver our charitable purpose.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

As a new charity that inherited no reserves on inception, Trustees recognise that reserves will need to be incrementally built over the medium term. Trustees have determined that unrestricted reserves should amount to at least 7% of gross operating expenditure by March 2021. In line with the original 5-year business plan, this would result in reserves of around £0.8m.

At 31 March 2019, unrestricted reserves amounted to £559,000.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for the identification, mitigation and management of risk and have established a formal risk management framework to assess business risk and to implement risk management strategies. Trustees have determined that the Charity should be risk aware not risk averse, recognising that it will need to take risks in order to innovate and improve services to beneficiaries.

A risk register is maintained by the Charity. Risks are scored on a multiplier of (1) impact and (2) probability, and risks are reported quarterly to the Finance and Audit Committee and the full Board. Principal risks at balance sheet date and actions taken or planned to mitigate them are as follows:

1. Potential reductions in service contract fees, plus contract renewals and pricing in the context of public sector austerity and funding for local authorities
 - Business and financial planning
 - Review of potential alternative income streams
2. Reductions in demand for traditional library services
 - Innovation and development of services beyond traditional lending to engage with new customers and retain existing ones
 - Optimise outcomes from Arts Council England funding for arts and cultural events
3. ICT separation from Devon County Council and Torbay Council networks
 - Effective project management and delivery
 - Ensure adequate resources are deployed to support separation rollout activities
4. Workforce demographics
 - Training and development programme to ensure staff have appropriate skills to meet customer needs and expectations
5. Departure of Chief Executive.
 - Recruitment of permanent Chief Executive
 - Plans for cover for potential interim period until permanent role is in place

Future prospects

Trustees believe the charity is well positioned to be a leading provider of library and information services. It has a contract with Devon County Council until March 2021 and has certainty of funding until 2019/20. In addition, a new contract has now been secured to run four libraries for Torbay Council and this provides certainty of funding for those libraries until March 2023. Trustees are also exploring the possibilities of delivering complementary services from libraries which will help to strengthen footfall and broaden income generation opportunities further.

The charity has also made a strong start in seeking to widen its customer base within the wider cultural sector. It has secured grant funding until March 2022 in relation to its successful bid to become a National Portfolio Organisation of Arts Council England. This fund will be used to enhance the arts and cultural offer across Devon.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

STRUCTURE AND GOVERNANCE

Membership and control

Libraries Unlimited South West is a membership organisation. The liability of any member is limited to a sum not exceeding £1. Membership classes are as follows:

- Staff Membership Group – any member of staff employed by the Charity is entitled to apply.
- Community Membership Group – any Library Friends Group is entitled to apply.
- Trustee Membership Group – all appointed Trustees shall be members of the Charity.

Staff and Community members each control 33% of voting rights at General Meeting, with Trustees controlling the remaining 34%.

The Board of Trustees

The Board of Trustees oversees the management of the Charity and comprises:

- up to two Staff Trustees;
- up to two Community Trustees;
- Chief Executive, ex officio;
- up to six Independent Trustees.

Staff Trustees are appointed for a fixed term of two years by a majority vote of the employees of the Charity. Community Trustees are similarly appointed for a fixed term of two years on a majority vote of the Friends' Groups.

The membership in general meeting appoint Independent Trustees and should have regard to the existing range of skills and expertise of the Board, the skills and expertise of that individual and how he or she will contribute to the success of the Company. One third of Independent Trustees retire at each annual general meeting.

As part of induction and training all new Trustees meet with the Chair, senior executives and HR Manager, and have a programme of site visits to understand the charity's culture, operations and processes. A Trustee Handbook is maintained by all Trustees and contains information on the Charity Memorandum & Articles, key operations and summary business plan. It also provides advice on governance framework within the organisation, including the duties of Trustees and arrangements to avoid conflicts of interest.

Sub Committees

The Board of Trustees have established the following devolved sub committees for the efficient conduct of business: (1) Finance & Audit; (2) Workforce, Resources and Remuneration; (3) Business Development & Fundraising, and (4) Customer Offer. Terms of reference exist for each subcommittee.

Remuneration of Senior Management

The Chief Executive and staff trustees (three in the reporting period), were paid during the year by virtue of their employment role. The remuneration of the three staff trustees is not included in key management personnel remuneration. No other trustees were paid during the reporting period.

Senior Executive salary levels are currently determined through a combination of role and responsibilities, coupled with an assessment of the local market for specific sectors. Salary levels are considered and approved by the Workforce, Resources and Remuneration Committee. Senior Management are employed on standard terms and conditions in relation to annual leave, pension contributions and expenses as applied to members of staff. The cost of salaries paid to senior executives is included in Note 9.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

Gender Pay Gap

As an organisation with more than 250 employees, we are legally required to comply with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and publish Gender Pay Gap (GPG) reporting information on an annual basis.

As at 5th April 2018, the median gender pay gap was 2% and our mean gender pay gap was 11%. These results show an improvement on the previous year, when the median pay gap was 9% and the mean gender pay gap was 13%.

We recognise that although there have been improvements, we can go further to address the gender pay gap at all levels of our organisation in order to better represent the communities that we serve.

We are committed to equality and diversity and to being a fair, open and honest employer, and we will continue to identify ways in which we can minimize the gender pay gap.

Employment of Disabled People

The Charity is committed to ensuring that its staff base is reflective of the communities it serves. The Charity has high levels of part-time working and will always consider workplace adjustments and job carving techniques to help employees manage long term health conditions.

We are mindful of any reasonable adjustments required to ensure disabled job candidates are not disadvantaged at recruitment interviews and assessment centres. We also work with disability employment support organisation such as Workfit to develop work placements and volunteering opportunities for disabled students.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

TRUSTEE RESPONSIBILITIES

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (as Directors) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of Libraries Unlimited South West and of the surplus or deficit of Libraries Unlimited South West for that period. In preparing these statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The Trustees are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Libraries Unlimited South West and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in Libraries Unlimited South West's website. Legislation in England and Wales governing the preparation and dissemination of financial statements and other information included in Annual Reports may differ from legislation in other jurisdictions.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2019

STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Trustees are aware:

- there is no relevant audit information of which Libraries Unlimited South West's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that auditors are aware of that information.

APPOINTMENT OF AUDITORS

The re-appointment of PKF Francis Clark as auditors to Libraries Unlimited South West will be proposed at the Annual General Meeting.

The report was approved by the Trustees on15/08/2019..... and signed on their behalf by:



Alexander Kittow



Thomas Glanville

Libraries Unlimited South West

Independent Auditor's Report to the Members of Libraries Unlimited South West

Year Ended 31 March 2019

Opinion

We have audited the financial statements of Libraries Unlimited South West (the "Charity") for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

Libraries Unlimited South West

Independent Auditor's Report to the Members of Libraries Unlimited South West

Year Ended 31 March 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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.

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

Libraries Unlimited South West

Independent Auditor's Report to the Members of Libraries Unlimited South West

Year Ended 31 March 2019

Use of our report

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



Martin Hobbs BSc ACA (Senior Statutory Auditor)

PKF FRANCIS CLARK

Chartered Accountants and Statutory Auditor

Sigma House

Oak View Close

Edginswell Park

Torquay

TQ2 7FF

Date: 16 August 2019

Libraries Unlimited South West

Statement of Financial Activities (Incorporating Income & Expenditure Account)

Year Ended 31 March 2019

		Unrestricted Funds General 2019	Designated 2019	Restricted Funds 2019	Total Funds 2019
	Notes	£000	£000	£000	£000
INCOME FROM:					
Donations and legacies		41	-	-	41
Charitable activities	4	7,853	-	277	8,130
Trading activities	5	403	-	-	403
Total income		8,297	-	277	8,574
EXPENDITURE ON:					
Charitable activities	6	(8,013)	-	(284)	(8,297)
Trading activities	7	(139)	-	-	(139)
Total expenditure		(8,152)	-	(284)	(8,436)
Net income / (expenditure)		145	-	(7)	138
Transfers between funds		33	(33)	-	-
Net movement in funds		178	(33)	(7)	138
Reconciliation of funds					
Total funds brought forward		381	33	7	421
Total funds carried forward		559	-	-	559

The notes on pages 18 to 31 form part of the financial statements.

Libraries Unlimited South West

Statement of Financial Activities (Incorporating Income & Expenditure Account)

Year Ended 31 March 2018

		Unrestricted Funds General 2018	Designated 2018	Restricted Funds 2018	Total Funds 2018
	Notes	£000	£000	£000	£000
INCOME FROM:					
Donations and legacies		29	-	4	33
Charitable activities	4	6,837	-	475	7,312
Trading activities	5	356	-	-	356
Total income		7,222	-	479	7,701
EXPENDITURE ON:					
Charitable activities	6	(6,912)	-	(487)	(7,399)
Trading activities	7	(105)	-	-	(105)
Total expenditure		(7,017)	-	(487)	(7,504)
Net income / (expenditure)		205	-	(8)	197
Transfers between funds		(14)	-	14	-
Net movement in funds		191	-	6	197
Reconciliation of funds					
Total funds brought forward		190	33	1	224
Total funds carried forward		381	33	7	421

The notes on pages 18 to 31 form part of the financial statements.

Libraries Unlimited South West

Balance Sheet

31 March 2019

	Notes	2019 £000	2018 £000
Fixed Assets			
Intangible assets	10	31	47
Tangible fixed assets	11	18	17
		<u>49</u>	<u>64</u>
Current assets			
Debtors	12	418	652
Cash at bank and in hand	13	1,141	2,780
		<u>1,559</u>	<u>3,432</u>
Total Current Assets			
		1,559	3,432
Liabilities			
Creditors - Amounts falling due within one year	14	(1,049)	(3,075)
		<u>510</u>	<u>357</u>
Net current assets			
		510	357
Total Net Assets	18	<u>559</u>	<u>421</u>
Funded by:			
Unrestricted funds			
General Funds		559	381
Designated Funds	16	-	33
Restricted funds	17	-	7
		<u>559</u>	<u>421</u>
Total funds	18	<u>559</u>	<u>421</u>

Approved by the Board of Trustees on 15/08/2019 and signed on its behalf by


 Alexander Kittow


 Thomas Glanville

Company Registration Number: 09822597

The notes on pages 18 to 31 form part of the financial statements.

Libraries Unlimited South West

Statement of Cash Flows

31 March 2019

	Notes	2019 £000	2018 £000
Reconciliation of net movement in funds to net cash flow from operating activities:			
Net income		138	197
Adjustments to cash flows from non-cash items:			
Depreciation and amortisation	10, 11	23	14
Loss on disposal of tangible fixed assets		-	3
Tangible fixed asset write off	11	15	-
Provision for charges and liabilities	16	-	(60)
Decrease / (Increase) in debtors		234	(188)
(Decrease) / Increase in creditors		(2,026)	98
Net cash generated from operating activities		(1,616)	64
Cash flows from investing activities			
Acquisitions of tangible fixed assets	11	(17)	(15)
Acquisitions of intangible fixed assets	10	(6)	(61)
Cash (used in) investing activities		(23)	(76)
Decrease in cash and cash equivalents in the reporting period		(1,639)	(12)
Cash and cash equivalents at the beginning of the reporting period		2,780	2,792
Cash and cash equivalents at the end of the reporting period	13	1,141	2,780

The notes on pages 18 to 31 form part of the financial statements.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

1 Accounting Policies

a) Basis of Preparation

The financial statements have been prepared in accordance with the Companies Act 2006 (as amended), the Charities Act 2011 and with the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102 (FRS 102).

b) Measurement Convention

Libraries Unlimited 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. The presentation currency is UK Pound and all amounts in the financial statements have been rounded to the nearest £1,000.

c) Going Concern

After making enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the financial statements.

d) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are receipts which the donor has specified are to be solely used for particular areas of the Charity's work.

e) Critical accounting judgements and key sources of estimation uncertainty

In application of the charitable company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There are no critical judgements or estimates other than those disclosed within Provisions for Liabilities.

f) Income

Income from service contracts, grants and donations is recognised when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

1 Accounting Policies (continued)

g) Deferred income

Deferred income is classified within "Creditors falling due within one year" and includes:

- Contract income and grants received in advance and are potentially refundable.
- Balances on activities that are undertaken on an Agent basis, most notably management of the Library Resources Fund that is managed on behalf of Devon County Council and Torbay Council, and transactions are not recognised in the Charity's Statement of Financial Activities.

h) Revenue grants and donations

Revenue grants are credited to the Statement of Financial Activities over the period in which the related expenditure is incurred.

i) Capital grants

Capital grants and associated spending is treated as a Restricted Fund Activity.

Where capital grants are retained by the Charity to support direct capital expenditure, grants are transferred to restricted funds over the shorter of the expected economic life of the assets acquired or the service contract which the asset uniquely supports.

Where capital grants are passported to other organisations, the grant is fully discharged at the point of defrayal and associated capital expenditure is not recognised within the Charity's Balance Sheet.

j) Expenditure and cost recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

k) Exceptional items

One-off charges or credits that have a material impact on the Charity's financial results are disclosed as "exceptional items". These are disclosed separately to provide further understanding of the underlying financial position of the Charity.

l) Taxation

Libraries Unlimited is a registered charity and is exempt from Corporation Tax.

For VAT purposes, the Charity operates the standard method of partial exemption and irrecoverable VAT is recognised as an expense when the tax point of the relevant expenditure is reached.

m) Lease accounting

Rents payable under operating leases are charged on a straight-line basis over the terms of the lease. The Charity does not currently procure services under finance lease arrangements.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

1 Accounting Policies (continued)

n) Intangible assets, amortisation and impairment

Intangible assets have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets costing £1,000 or more are capitalised at cost and are depreciated over their useful economic lives on a straight line basis as follows:

Software	3 to 4 years
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Impairment reviews are undertaken on an annual basis. Where the net realisable value of the asset is less than the current carrying value, the difference is fully expensed in the Statement of Financial Activities.

o) Tangible fixed assets, depreciation and impairment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Fixed assets costing £1,000 or more are capitalised at cost and are depreciated over their useful economic lives on a straight line basis as follows:

Building improvements	5 to 10 years (or length of lease if shorter)
ICT Hardware	3 to 4 years
Operational Equipment	3 to 5 years
Fixtures, fittings and equipment	3 to 7 years

Impairment reviews are undertaken on an annual basis. Where the net realisable value of the asset is less than the current carrying value, the difference is fully expensed in the Statement of Financial Activities.

p) Impairment of Trade and other Accounts Receivable

The Charity makes an estimate of the receivable value of trade and the account receivables. When assessing any impairment, management consider factors including the ageing profile of the debt, financial status of the debtor and historical experience.

q) Financial Instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and subsequently measured at their settlement value.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

1 Accounting Policies (continued)

r) Pension costs

The Charity participates in the following pension schemes:

- Flexible Retirement Scheme administered by the Pensions Trust. This is a personal pension defined contribution scheme. Employer contributions to this scheme are expensed in the Statement of Financial Activities and there is no actuarial risk to the Charity within this scheme. This scheme is offered to all new employees from 1 April 2016.
- Local Government Pension Scheme (LGPS). The LGPS is a contribution based funded defined benefit scheme that currently provides retirement benefits based on career average revalued salary and length of service in employment. Subject to certain conditions, which Libraries Unlimited has fully complied with in 2018/19, Devon County Council and Torbay Council act as guarantors to the Pension Scheme. Under this arrangement Libraries Unlimited's liability is capped at the payments actually made under triennial revaluation, and the funding risk remains with Devon County Council and Torbay Council. Pension costs are therefore accounted for as in a defined contribution scheme.

s) Provisions

Provisions are recognised in the Statement of Financial Activities where the Charity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

2. Company and Group Consolidated Financial Statements

The Charity (Libraries Unlimited South West) has a subsidiary company (Libraries Unlimited Enterprises Unlimited). The subsidiary has never traded, and the company and group accounts are therefore the same. Two Independent Trustees of Libraries Unlimited South West are the directors of Enterprises Unlimited.

3. Charitable Status

The charity is a company limited by guarantee and is registered with the Charity Commission for England and Wales. The members of the company are the trustees named on page 2 as well as the additional classes detailed within the Membership and Control section of the Trustees' Report. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The charitable company was incorporated in England and Wales.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

4. Income from Charitable Activities

	General Funds 2019 £000	Restricted Funds 2019 £000	Total Funds 2019 £000	Total Funds 2018 £000
Local Authority contracts	7,208	-	7,208	6,203
Prison contracts	176	-	176	199
Service user payments and associated collection fees	404	-	404	375
Grants from Government & other public bodies	-	277	277	480
Other	65	-	65	55
Total	7,853	277	8,130	7,312

Included within grant income from charitable activities are the following amounts received from Government and other Public Authorities.

	General Funds 2019 £000	Restricted Funds 2019 £000	Total Funds 2019 £000	Total Funds 2018 £000
British Library	-	6	6	-
Big Lottery	-	-	-	34
Arts Council England	-	233	233	343
Exeter City Council	-	10	10	-
Devon County Council	-	-	-	86
Carnegie Trust	-	7	7	-
Other	-	21	21	17
Total	-	277	277	480

5. Income from trading activities

	2019 £000	2018 £000
Room hire and associated services	347	331
Catering	34	25
Other	22	-
Total	403	356

All income from trading activities relates to unrestricted funds.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

6. Analysis of expenditure on charitable activities

	2019 £000	2018 £000
Staff expenses	5,796	5,056
Premises related	1,022	1,029
Fleet management and transport services	154	209
Equipment and product services	846	365
Support costs (note 8)	479	740
Total	8,297	7,399

7. Analysis of expenditure on trading activities

	2019 £000	2018 £000
Staff expenses	58	41
Premises related	41	43
Equipment and product services	22	11
Support costs (note 8)	18	10
Total	139	105

8. Analysis of support costs

	Charitable £000	Trading £000	Total Funds 2019 £000	Total Funds 2018 £000
Finance	119	-	119	94
Human Resources	30	-	30	72
ICT and Telecoms	-	-	-	97
Marketing & PR	98	3	101	94
Office services	40	15	55	56
Governance	39	-	39	15
Set up costs	54	-	54	242
Other	99	-	99	80
Total	479	18	497	750

Auditor's remuneration totalled £13,000 (2018: £13,000) for the statutory audit and £2,000 (2018: £2,000) for other accountancy services.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

9. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2019 £000	2018 £000
Wages and salaries	4,558	4,000
Social security costs	290	255
Pension costs – defined benefit schemes (note 21)	615	586
Pension costs – defined contribution schemes	49	26
Redundancy and severance costs	245	126
Total	5,757	4,993

The number of employees (headcount) was:

	2019 Number	2018 Number
Total	384	328

The number of FTE equivalent employees during the year, based on a 37 hour week, was:

	2019 Number	2018 Number
Library staff	135	123
Relief staff for libraries	22	22
Management, service development and support services	41	32
Total	198	177

None of the trustees are remunerated for their services as trustees, but the Chief Executive and two staff trustees were paid in respect of their employment with the charity (as permitted by the Memorandum & Articles of Association).

The remuneration of the Chief Executive was between £80,000 and £90,000 (2018: between £70,000 and £80,000), including pension contributions. No other employees earned more than £60,000. One staff trustee was paid between £30,000 and £40,000 (2018: One); One staff trustee was paid between £20,000 and £30,000 (2018: One); and one staff trustee was paid less than £10,000 (2018: Nil).

During the reporting period, the charity paid expenses totalling £3,146 to six Independent and Community Trustees (2018: £3,066 to six trustees) primarily in relation to travel and subsistence.

The key management personnel comprise the Trustees in their roles as Trustees, Chief Executive and four Heads of Service covering the following areas: Service delivery, Finance & Operations, Commercial & Innovation, ICT. The aggregate employee benefits payable to key management personnel for the reporting period was £383,000 (2018: £381,000).

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

10. Intangible Assets

Year Ended 31 March 2019

Cost	Software £000	Total £000
At 1 April 2018	61	61
Additions	6	6
At 31 March 2019	67	67
Amortisation		
At 1 April 2018	(14)	(14)
Charge for the period	(22)	(22)
At 31 March 2019	(36)	(36)
Net book value:		
At 31 March 2019	31	31
At 1 April 2018	47	47

Year Ended 31 March 2018

Cost	Software £000	Total £000
At 1 April 2017	-	-
Additions	61	61
At 31 March 2018	61	61
Amortisation		
At 1 April 2017	-	-
Charge for the period	(14)	(14)
At 31 March 2018	(14)	(14)
Net book value:		
At 31 March 2018	47	47
At 1 April 2017	-	-

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

11. Tangible Fixed Assets

Year Ended 31 March 2019	Fixtures, fittings & equipment	ICT	Total
Cost	£000	£000	£000
At 1 April 2018	2	15	17
Additions	17	-	17
Write offs	-	(15)	(15)
At 31 March 2019	19	-	19
Depreciation			
At 1 April 2018	-	-	-
Charge for the period	(1)	-	(1)
At 31 March 2019	(1)	-	(1)
Net book value:			
At 31 March 2019	18	-	18
At 1 April 2018	2	15	17
Year Ended 31 March 2018	Fixtures, fittings & equipment	ICT	Total
Cost	£000	£000	£000
At 1 April 2017	4	2	6
Additions	2	13	15
Disposals	(4)	-	(4)
At 31 March 2018	2	15	17
Depreciation			
At 1 April 2017	(1)	-	(1)
Charge for the period	-	-	-
Disposals	1	-	1
At 31 March 2018	-	-	-
Net book value:			
At 31 March 2018	2	15	17
At 1 April 2017	3	2	5

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

12. Debtors: Due within one year

	2019 £000	2018 £000
Trade debtors	147	218
Other debtors	1	-
VAT	30	-
Prepayments	105	87
Accrued income	135	347
	<u>418</u>	<u>652</u>

13. Cash at Bank and in Hand

	2019 £000	2018 £000
Cash at bank	1,129	2,768
Cash in hand	12	12
	<u>1,141</u>	<u>2,780</u>

14. Creditors: Due within one year

	2019 £000	2018 £000
Trade creditors	578	591
Other taxes and social security	144	129
VAT	-	187
Other creditors	49	51
Deferred Income	53	1,455
Accruals	137	115
Sums held under agency arrangements and due to third parties	88	547
	<u>1,049</u>	<u>3,075</u>

15. Deferred Income

	2019 £000	2018 £000
Balance as at 1 April 2018	2,002	1,864
Amount deferred in year		
- contract and grant income received in advance	53	1,455
- agency arrangements	88	547
Amount released in year	(2,002)	(1,864)
Balance as at 31 March 2019	<u>141</u>	<u>2,002</u>

£Nil (2018: £1.451m) of deferred income relates to contract income in respect of library management services which was received quarterly in advance.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

16. Designated Funds

	Balance at 01/04/18 £000	Income Expenditure £000 £000		Transfers In / (Out) £000	Balance 31/03/19 £000
Designated Fund					
Devon Library Resources Fund	27	-	-	(27)	-
Events Fund	6	-	-	(6)	-
Total designated funds	33	-	-	(33)	-

During the year the balances on designated funds were transferred to unrestricted funds.

17. Restricted Funds

Year Ended 31 March 2019

	Balance at 01/04/18 £000	Income Expenditure £000 £000		Transfers In / (Out) £000	Balance 31/03/19 £000
Arts Council England	-	233	(233)	-	-
Exeter City Council	-	10	(10)	-	-
British Library	-	6	(6)	-	-
Carnegie Trust	-	7	(7)	-	-
Other	7	21	(28)	-	-
Total restricted funds	7	277	(284)	-	-

Year Ended 31 March 2018

	Balance at 01/04/17 £000	Income Expenditure £000 £000		Transfers In / (Out) £000	Balance 31/03/18 £000
Restricted Fund					
FabLab – DCC	-	29	(29)	-	-
FabLab – ACE	-	1	(1)	-	-
Innovation - DCC	-	56	(56)	-	-
Innovation – ACE	-	245	(245)	-	-
Big Lottery Fund Grant	-	34	(38)	4	-
Social Value Project - ACE	-	98	(108)	10	-
Other Restricted Funds	1	16	(10)	-	7
Total restricted funds	1	479	(487)	14	7

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

18. Analysis of Net Assets between Funds

Fund balances at 31 March 2019 are represented by:

	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
Intangible Fixed Assets	31	-	31
Tangible Fixed Assets	18	-	18
Current Assets	1,559	-	1,559
Current liabilities	(1,049)	-	(1,049)
Total Net Assets	559	-	559

Fund balances at 31 March 2018 are represented by:

	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
Intangible Fixed Assets	47	-	47
Tangible Fixed Assets	17	-	17
Current Assets	3,425	7	3,432
Current liabilities	(3,075)	-	(3,075)
Total Net Assets	414	7	421

19. Operating Lease Commitments

	2019 £000	2018 £000
At 31 March 2019, the Charity had total future minimum lease payments as follows:		
In less than 1 year	39	32
Within 2-5 years	79	103
Over 5 years	86	91
	204	226

During the year rent and lease payments totalling £221,000 (2018: £207,000) were recognised as an expense.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

20. Related Party Transactions

The mother of the Charity's former Chief Executive is a Senior HR professional and a Director of Devon Norse, a joint venture trading company of Devon County Council and Norfolk County Council.

Devon Norse provides library cleaning services to Libraries Unlimited and also provided courier services up to September 2018. The charity's annual spend with Norse in the year ended 31 March 2019 was £324,000 (2018: £536,000). This contractual relationship was inherited from Devon County Council under the business transfer that created Libraries Unlimited, and neither the charity's former Chief Executive nor her mother were involved in the procurement or pricing of this historic arrangement.

21. Pension Arrangements

The Organisation participates in two pension schemes:

Defined Benefit Scheme

Devon County Council

Staff that transferred under TUPE to Libraries Unlimited on 1 April 2016 are entitled to participate in the Local Government Pension Scheme (LGPS) as administered by Devon County Council. Libraries Unlimited participates in this scheme on a closed admission basis, and staff participation is limited to contributing employees at 1 April 2016. The LGPS is a contribution based funded defined benefit scheme that currently provides retirement benefits based on career average revalued salary and length of service in employment.

Subject to certain conditions, which Libraries Unlimited has fully complied with in 2018/19, Devon County Council acts as guarantor to the Pension Scheme. Under this arrangement Libraries Unlimited's liability is capped at the payments actually made under triennial revaluation, and the funding risk remains with Devon County Council. Pension costs are therefore accounted for as in a defined contribution scheme.

Employer contribution rates into this scheme amount to 19% of pensionable pay in 2018/19, with employee contributions ranging from 5.5% to 12.5% dependent on salary.

Torbay Council

Staff that transferred under TUPE to Libraries Unlimited on 1 April 2018 are entitled to participate in the Local Government Pension Scheme (LGPS) as administered by Torbay Council. Libraries Unlimited participates in this scheme on a closed admission basis, and staff participation is limited to contributing employees at 1 April 2018. The LGPS is a contribution based funded defined benefit scheme that currently provides retirement benefits based on career average revalued salary and length of service in employment.

Subject to certain conditions, which Libraries Unlimited has fully complied with in 2018/19, Torbay Council acts as guarantor to the Pension Scheme. Under this arrangement Libraries Unlimited's liability is capped at the payments actually made under triennial revaluation, and the funding risk remains with Torbay Council. Pension costs are therefore accounted for as in a defined contribution scheme.

Employer contribution rates into this scheme amount to 23.3% of pensionable pay in 2018/19, with employee contributions ranging from 5.5% to 12.5% dependent on salary.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2019

Overall

At 31 March 2019, 254 employees (2018: 288 employees) participated in the scheme and employer's costs charged to the Statement of Financial Activities, amounted to £615,000 (2018: £586,000).

Defined Contribution Scheme

Devon staff that commenced employment after 31 March 2016 and Torbay staff that commenced employment after 31 March 2018 participate in the Flexible Retirement Plan administered by TPT Retirement Solutions (formerly the Pensions Trust). This is a defined contribution pension scheme. Under this scheme, the employer matches employees' contributions up to 6% of pensionable pay.

At 31 March 2019, 95 employees (2018: 54 employees) participated in the scheme and employer's costs charged to the Statement of Financial Activities amounted to £49,000 (2018: £26,000).

22. Agency Arrangement

The Charity receives grant income from Devon County Council and Torbay Council as agent in respect of the purchase of books and other resources. In the accounting year ending 31 March 2019 the charity received £96,000 (2018: £560,000) and disbursed £572,000 (2018: £497,000) from the fund. An amount of £84,000 (2018: £523,000) is included in other creditors relating to undistributed funds.