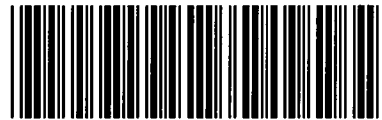


Libraries Unlimited South West
Trustees' Report and Financial Statements
For the Year Ended 31 March 2018

Charity Number: 1170092
Company Number: 09822597

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Libraries Unlimited South West

Report and Financial Statements

Year Ended 31 March 2018

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Libraries Unlimited South West

Reference and Administrative Details

Year Ended 31 March 2018

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 were:

Chair:	Julie Dent
Vice Chair:	David Lockwood
Trustees:	Diane Dean (Resigned 23/02/2018) Ann Draisey Ciara Eastell Janet Fisher Emily Macaulay Sue Simmons David Solomides (Resigned 22/09/2017) Steve Wallwork Richard Watts (Appointed 23/02/2018) Emily Williams (Resigned 27/04/2017) Morgen Witzel (Appointed 23/02/2018)

Principal and

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

Registered Charity No. 1170092

Registered Company No. 09822597

Chief Executive Ciara Eastell

Key Management Personnel	Head of Service Delivery:	Jo Launder
	Head of Finance & Operations	Paul Love (Resigned 09/03/2018)
	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 2018

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 2018.

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 2018

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 a five year contract with Devon County Council for the provision of library and information services to the residents, businesses and visitors to Devon. The Council has the ability to extend this contract for a further five years subject to effective performance. We work in collaboration with the County Council 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 50 static libraries across Devon's communities. Libraries Unlimited and Devon County Council 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:

- a new contract has been won to provide libraries services for four libraries in Torbay. This service commenced on 1 April 2018 and expires on 31 March 2023 with the possibility of an extension beyond that date.
- the opening of a new FabLab in Barnstaple library in February 2018. The opening event was attended by over 150 people.
- extension of the prison contract for another 12 months. The contract will now expire on 31 March 2019 subject to a possible further extension.
- a new library management system has been introduced from December 2017 together with a new wide area network which will eliminate our current reliance on the Devon County Council network. It is anticipated that this project will be completed before the end of March 2019.
- the introduction of a new payroll and human resources system from January 2018.
- Being successful in an application to become a National Portfolio Organisation with funding from the Arts Council England to develop creative services throughout Devon. Funding of £176,000 has been secured and the project will be rolled out from 1 April 2018.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2018

Alongside these key developments we had over 2.7m million visits to libraries in 2017/18, with customers borrowing books and resources, using workspace, accessing ICT, and enjoying learning and social activities.

Key Operating Indicators (April 2017 – March 2018)

• Library Visits	2,743,157
• Computers/Wi-Fi hours of use	532,393
• Active Borrowers	136,710
• Attendance at Events	137,981

Improving Outcomes

Supported by grant from Arts Council England, we completed our work with researchers in the Exeter Business School to develop an effective mechanism to capture, record and report on the social value and outcomes delivered by library services.

We extended our contract to supply library services to three prisons in Devon until 31 March 2019.

Widen Participation

The number of library visits increased by 0.1% in 2017/18 and there was an increase of 0.2% in attendance at events.

It is encouraging that the number of active library users increased by 19.1% in the year to 136,710 users. The number of stock issues declined by 7.5% in the year but this is partially offset by the number of users accessing online resources.

The new Fab Lab in Barnstable library opened in February 2018 and brings the total number of FabLabs in Libraries Unlimited to two. Through hands-on learning, using open source tools and by providing open access to the Fab Labs, there is an opportunity to change digital consumers into digital makers. Exeter Library is also one of 10 nationwide Business and Intellectual Property (IP) Centres supported by the British Library. Our trained business champion team work alongside industry experts to provide guidance and information on a range of business issues. We have a comprehensive collection of databases and publications which can be used to research trademarks, patents, registered designs, copyright and other IP issues.

At the end of March 2018 we were awarded £176,000 mainly from the Arts Council England in recognition of our new status as a National Portfolio Organisation (NPO). These funds will be used to develop our creative offer and a number of events are planned for 2018/19. We have appointed a creative director to manage this programme.

FINANCIAL REVIEW

Financial Performance – Headline Indicators

• Total Income	£7.701m
• Total Surplus	£0.197m
• Net Surplus Margin	2.6%
• Cash flow from operating activities	£0.064m
• Current Ratio	1.12
• Unrestricted Reserves	£0.414m

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2018

Financial Performance – income and surpluses

The Statement of Financial Activities (page 14) shows that the Charity generated a net increase in funds of £100,000 on an annual income of £7,701,000. The targeted surplus for the period under review was £57,000. An explanation of the drivers of outperformance is shown below:

	Actual	Budget	Variance	Primary Drivers
	£000	£000	£000	
Income	7,701	7,325	376	Supported restructuring costs and grants
Expenditure	(7,504)	(7,268)	(236)	Restructuring costs and pay changes
Net Surplus	197	57	140	

Cost efficiencies

As part of the business transfer from Devon County Council, Libraries Unlimited committed to a cost savings programme of £0.5m over the period April 2017 to March 2018. This was delivered during the year and the key elements of the savings achieved were:

- Stock Services restructure
- Saving in enhanced pay
- Savings in library management system maintenance
- Reduction in pension costs
- Reduction in rents payable

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 - £2.8m at 31 March 2018 – is very strong due to contract payments under local authority service contracts being 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.

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 5 year business plan, this would result in reserves of around £0.8m.

At 31 March 2018, unrestricted reserves amounted to £0.4m.

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.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2018

A risk register is maintained by the Charity. Risks are scored on a multiplier of (1) impact and (2) probability, and risks are reported half yearly 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:

Failure to deliver growth in rental income

- Investment in resource to manage arrangements and improve marketing and awareness of our offer
- Review of associated services – such as catering - to ensure it meets the needs of customers

ICT migration

- Ensure sustainable ICT solutions and successful implementation of new projects for infrastructure and operating systems
- Ensure delivery of a new network to eliminate reliance on the Devon CC network

Reductions in demand for library services

- Development of services beyond traditional lending to engage with new customers and retain existing ones
- Increased promotion and awareness of the range of services provided by libraries including creative services developed under the National Portfolio Organisation arrangements.

Workforce demographics

- Relatively aged workforce – development of effective recruitment and replacement strategy
- Training and development programme to ensure staff have appropriate skills to meet customer expectations
- Staff and customer profiling to ensure that our services are provided and accessed by all communities within Devon

Public sector austerity and funding of local authorities

- Capture of an evidence base of the social value created by Libraries and their role in the prevention agenda. This was completed during 2017/18.
- Continued delivery of income generation, cost reduction and overall value for money.

Future prospects

Trustees believe the charity is well positioned to be a leading provider of library and information services. It has a medium term contract with Devon County Council until 2021 and has certainty of funding until 2019/20. In addition, a new contract has now been secured to run four libraries in Torbay and this provides certainty of funding for those libraries until 2022/23. Trustees are also exploring the possibilities of delivering complementary services from libraries which will help to strengthen footfall in libraries 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 for 2018/19 in relation to its successful bid to become a National Portfolio Organisation of Arts Council England. This fund will be used to enhance the cultural offer in Devon.

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.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2018

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's 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) Communications & External Relations. Terms of reference exist for each sub-committee.

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 roles. 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 Hays Job Evaluation processes operated by Devon County Council and an assessment of the local market. 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 all members of staff. The cost of salaries paid to senior executives is included in Note 10.

Gender Pay Gap

As of April 2018, all organisations that employ more than 250 staff 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 for its workforce on an annual basis using data collected on 5th April 2017. On 5th April 2017 Libraries Unlimited had a total of 436 roles, made up of 377 women and 59 men. With a greater percentage of women throughout all four pay quartiles, the median gender pay gap was 9.3%, and the mean gender pay gap was 13%. The total number of roles is higher than the total number of employees because many employees fulfil more than one role.

Libraries Unlimited South West

Trustees' Report

Year Ended 31 March 2018

As a charity and a public sector mutual, we are committed to equality and diversity at all levels of our organisation, and the gender pay gap is something we are seeking to address as a priority, alongside our colleagues and peers from the library sector across the UK.

Employment of Disabled People

The Charity is committed to ensuring that its staff base is reflective of the communities it serves. During the year, the Board compared the profile of staff against the wider population of our operating area. The Charity has high levels of flexible part-time working and will always consider workplace adjustments and job carving techniques to help employees manage long term health conditions. We are also 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.

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 2018

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 on ^{2017/18}..... and signed on their behalf by:



.....
Julie Dent



.....
Steve Wallwork

Libraries Unlimited South West

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

Year Ended 31 March 2018

Opinion

We have audited the financial statements of Libraries Unlimited South West (the "Charity") for the year ended 31 March 2018 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).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2018 and of its 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.

Libraries Unlimited South West

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

Year Ended 31 March 2018

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the 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.

Libraries Unlimited South West

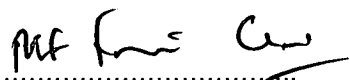
Independent Auditor's Report to the Members of Libraries Unlimited South West

Year Ended 31 March 2018

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.



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:.....

24 July 2018

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	5	6,837	-	475	7,312
Trading activities	6	356	-	-	356
Total income		7,222	-	479	7,701
EXPENDITURE ON:					
Charitable activities	7	(6,912)	-	(487)	(7,399)
Trading activities	8	(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 29 form part of the financial statements.

Libraries Unlimited South West

Statement of Financial Activities (Incorporating Income & Expenditure Account)

Year Ended 31 March 2017

		Unrestricted Funds General 2017	Designated 2017	Restricted Funds 2017	Total Funds 2017
	Notes	£000	£000	£000	£000
INCOME FROM:					
Donations and legacies		3	-	7	10
Charitable activities	5	6,661	-	129	6,790
Trading activities	6	295	-	-	295
Total income		6,959	-	136	7,095
EXPENDITURE ON:					
Raising funds		-	-	(17)	(17)
Charitable activities	7	(6,500)	-	(146)	(6,646)
Trading activities	8	(199)	-	-	(199)
Other		(3)	-	(6)	(9)
Total expenditure		(6,702)	-	(169)	(6,871)
Net income / (expenditure)		257	-	(33)	224
Transfers between funds		(67)	33	34	-
Net movement in funds		190	33	1	224
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		190	33	1	224


Libraries Unlimited South West


Balance Sheet

31 March 2018

	Notes	2018 £000	2017 £000
Fixed Assets			
Intangible assets	11	47	-
Tangible fixed assets	12	17	5
		<u>64</u>	<u>5</u>
Current assets			
Debtors	13	652	464
Cash at bank and in hand	14	2,780	2,792
		<u>3,432</u>	<u>3,256</u>
Total Current Assets			
		3,432	3,256
Liabilities			
Creditors - Amounts falling due within one year	15	(3,075)	(2,977)
		<u>357</u>	<u>279</u>
Net current assets			
		357	279
Provisions for liabilities		-	(60)
		<u>-</u>	<u>(60)</u>
Total Net Assets	20	<u>421</u>	<u>224</u>
Funded by:			
Unrestricted funds			
General Funds		381	190
Designated Funds	18	33	33
		<u>414</u>	<u>223</u>
Restricted funds	19	7	1
		<u>7</u>	<u>1</u>
Total funds	20	<u>421</u>	<u>224</u>

Approved by the Board of Trustees on 20 July 2018 and signed on its behalf by


.....
Julie Dent


.....
Steve Wallwork

Company Registration Number: 09822597

Libraries Unlimited South West

Statement of Cash Flows

31 March 2018

	Note	2018 £000	2017 £000
Reconciliation of net movement in funds to net cash flow from operating activities:			
Net income		197	224
Adjustments to cash flows from non-cash items:			
Depreciation and amortisation	11	14	1
Loss on disposal of tangible fixed assets		3	-
Deferred capital grant		-	(1)
Impairment for bad debt		-	3
Provision for charges and liabilities	17	(60)	60
(Increase) in debtors		(188)	(393)
Increase in creditors		98	2,956
Net cash generated from operating activities		64	2,850
Cash flows from investing activities			
Acquisitions of tangible fixed assets		(15)	(110)
Acquisitions of intangible fixed assets		(61)	-
Capital grant received		-	52
Cash (used in) investing activities		(76)	(58)
Decrease in cash and cash equivalents in the reporting period		(12)	2,792
Cash and cash equivalents at the beginning of the reporting period		2,792	-
Cash and cash equivalents at the end of the reporting period	14	2,780	2,792

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2018

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 (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 2018

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 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 Statement of Financial Position.

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 2018

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 2018

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 2017/18, Devon County Council acts as guarantor to the Pension Scheme. Under this arrangement Libraries Unlimited 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.

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. Financial Reporting Period

This report represents the first 12 month financial reporting period for the charity. The prior period was an extended period that covered the period for the date of incorporation (13 October 2015) to 31 March 2017.

The charity did not commence economic activity until 01 April 2016 and all financial transactions in the prior period effectively relate to a 12 month period.

3. 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 results presented in this report reflect the activity of both the Company and the Group. Two Independent Trustees of Libraries Unlimited South West are the directors of Enterprises Unlimited.

4. Charitable Status

The charity is a company limited by guarantee and is registered with the Charity Commissioners for England and Wales. The members of the company are the trustees named on page 1. 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 2018

5. Income from Charitable Activities

	General Funds 2018 £000	Restricted Funds 2018 £000	Total Funds 2018 £000	Total Funds 2017 £000
Local Authority contracts	6,203	-	6,203	6,038
Prison contracts	199	-	199	183
Service user payments and associated collection fees	364	11	375	415
Grants from Government & Other public bodies	17	463	480	122
Other	54	1	55	32
Total	6,837	475	7,312	6,790

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

	General Funds 2018 £000	Restricted Funds 2018 £000	Total Funds 2018 £000	Total Funds 2017 £000
British Library	-	-	-	47
Big Lottery	-	34	34	24
Arts Council England	-	343	343	10
Devon County Council	-	86	86	30
Other	17	-	17	11
Total	17	463	480	122

6. Income from trading activities

	2018 £000	2017 £000
Room hire and associated services	331	294
Catering	25	-
Other	-	1
Total	356	295

All income from trading activities relates to unrestricted funds.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2018

7. Analysis of expenditure on charitable activities

	2018 £000	2017 £000
Staff expenses	5,056	4,924
Premises related	1,029	726
Fleet management and transport services	209	244
Equipment and product services	365	300
Support costs (note 9)	740	452
Total	7,399	6,646

8. Analysis of expenditure on trading activities

	2018 £000	2017 £000
Staff expenses	41	134
Premises related	43	37
Equipment and product services	11	3
Support costs (note 9)	10	25
Total	105	199

9. Analysis of support costs

	Charitable £000	Trading £000	Total Funds 2018 £000	Total Funds 2017 £000
Finance	94	-	94	80
Human Resources	72	-	72	40
ICT and Telecoms	93	4	97	95
Marketing & PR	91	3	94	51
Office services	53	3	56	38
Governance	15	-	15	7
Set up costs	242	-	242	89
Other	80	-	80	77
Total	740	10	750	477

The costs include auditor's remuneration of £9,000 (2017: £8,000) for the statutory audit and £2,000 (2017: £Nil) for other accountancy services.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2018

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

	2018 £000	2017 £000
Wages and salaries	4,000	3,997
Social security costs	255	253
Pension costs – defined benefit schemes (note 23)	586	717
Pension costs – defined contribution schemes	26	5
Redundancy and severance costs	126	50
Total	4,993	5,022

The number of employees (headcount) was:

	2018 Number	2017 Number
Total	328	341

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

	2018 Number	2017 Number
Library staff	123	122
Relief staff for libraries	22	24
Management, service development and support services	32	35
Total	177	181

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 unchanged from the previous year, and was 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 (2017: Nil); One staff trustee was paid between £20,000 and £30,000 (2017: One); and no staff trustees were paid less than £10,000 (2017: One).

During the reporting period, the charity paid expenses totalling £3,066 to six Independent and Community Trustees (2017: £3,171 to eight 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 £294,000 (2017: £235,000).

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2018

11. Intangible Assets

	Software £000	Total £000
Cost		
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	-	-

12. Tangible Fixed Assets

	Fixtures, fittings & equipment £000	ICT £000	Total £000
Cost			
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 2018

13. Debtors: Due within one year

	2018 £000	2017 £000
Trade debtors	218	116
Other debtors	-	1
Prepayments	87	47
Accrued income	347	300
	<u>652</u>	<u>464</u>

14. Cash at Bank and in Hand

	2018 £000	2017 £000
Cash at bank	2,768	2,780
Cash in hand	12	12
	<u>2,780</u>	<u>2,792</u>

15. Creditors: Due within one year

	2018 £000	2017 £000
Trade creditors	591	330
Other taxes and social security	129	145
VAT	187	291
Other creditors	51	43
Deferred Income	1,455	1,382
Accruals	115	304
Sums held under agency arrangements and due to third parties	547	482
	<u>3,075</u>	<u>2,977</u>

16. Deferred Income

	2018 £000	2017 £000
Balance as at 1 April 2017	1,864	-
Amount deferred in year		
- contract and grant income received in advance	1,455	1,382
- agency arrangements	547	482
Amount released in year	(1,864)	-
Balance as at 31 March 2018	<u>2,002</u>	<u>1,864</u>

£1.451m (2017: £1.363m) of deferred income relates to contract income in respect of library management services which is received quarterly in advance.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2018

17. Provisions for liabilities

	Organisational Restructure £000	Backdated Rent Reviews £000	Total £000
Provision			
Balance at 1 April 2017	50	10	60
Used or written off in year	(50)	(10)	(60)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> - <hr/>

18. Designated Funds

	Balance at 01/04/2017 £000	Incoming Resources £000	Resources Expended £000	Balance 31/03/18 £000
Designated Fund				
Devon Library Resources Fund	27	-	-	27
Events Fund	6	-	-	6
	<hr/>	<hr/>	<hr/>	<hr/>
Total designated funds	<hr/> 33 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> 33 <hr/>

The purpose of designated funds is as follows:

Devon Library Resource Fund.

Whilst purchase of new lending material is the responsibility of the County Council under the contract, this internal fund supports the provision of additional resources for customers.

Events Fund

This reserve supports the promotion and staging of library events e.g. author readings, theatre productions.

19. Restricted Funds

	Balance at 01/04/17 £000	Incoming Resources £000	Resources Expended £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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	<hr/> 1 <hr/>	<hr/> 479 <hr/>	<hr/> (487) <hr/>	<hr/> 14 <hr/>	<hr/> 7 <hr/>

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2018

20. Analysis of Net Assets between Funds

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

21. Operating Lease Commitments

	2018 £000	2017 £000
At 31 March 2018, the Charity had total future minimum lease payments as follows:		
In less than 1 year	32	25
Within 2-5 years	103	100
Over 5 years	91	-
	226	125

During the year rent and lease payments totalling £207,000 (2017: £247,000) were recognised as an expense.

22. Related Party Transactions

The mother of the Charity's 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.

Norse provides library cleaning services and courier services to Libraries Unlimited and operate catering concessions within two libraries. The charity's annual spend with Norse in the year ended 31 March 2018 was £536,000 (2017: £428,000). This contractual relationship was inherited from Devon County Council under the business transfer that created Libraries Unlimited, and neither the charity's Chief Executive nor her mother were involved in the procurement or pricing of this historic arrangement.

Libraries Unlimited South West

Notes and Accounting Policies

Year Ended 31 March 2018

23. Pension Arrangements

The Organisation participates in two pension schemes:

Defined Benefit Scheme

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 2017/18, 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 2017/18, with employee contributions ranging from 5.5% to 12.5% dependent on salary. At 31 March 2018, 288 employees participated in the scheme and employer's costs charged to the Statement of Financial Activities, amounted to £586,000 (2017: £717,000).

Defined Contribution Scheme

Staff that commenced employment after 31 March 2016 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 2018, 54 employees (2017: 12 employees) participated in the scheme and employer's costs charged to the Statement of Financial Activities amounted to £26,000 (2017: £5,000).

24. Agency Arrangement

The Charity receives grant income from Devon County Council as agent in respect of capital projects. In the accounting year ending 31 March 2018 the charity recognised £Nil (2017: £129,000) of capital grant income and expended £Nil (2017: £129,000) in relation to capital projects.