



**LLYFRGELL GENEDLAETHOL CYMRU**  
**THE NATIONAL LIBRARY OF WALES**

**ANNUAL ACCOUNTS 2016/17**

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## REFERENCE AND ADMINISTRATIVE DETAILS

The Trustees (for the purpose of charity law) who served during the year and since the year end were as follows:-

### Ministerial Appointees:

Rhodri Glyn Thomas (President)  
Tricia Carter (Vice-President) (to 30<sup>th</sup> April 2016)  
The Lord Aberdare  
Roy Evans (to 30<sup>th</sup> November 2016)  
Phil Cooper  
Dr. Susan J. Davies  
Huw Williams  
Dr. Elizabeth Siberry  
Steve Williams (from 1<sup>st</sup> February 2017)

### National Library Appointees:

Colin R. John (Treasurer)  
Roy Roberts (to 30<sup>th</sup> November 2016)  
D. Hugh Thomas  
Dyfrig Jones  
Iwan Davies  
Richard Houdmont  
Gwilym Dyfri Jones (from 1<sup>st</sup> February 2017)  
Dr. Tomos Dafydd Davies (from 1<sup>st</sup> February 2017)

### Members of the Executive Team as at 31 March 2017 were:

#### Chief Executive and Librarian and Accounting Officer

Linda Tomos BLib, MCLIP

#### Director of Corporate Resources

David H Michael CPFA, MCIPS

#### Director of Collection and Public Programmes

Pedrap Llwyd JP, BA, MA, DAA, *Chartered* MCIPD

## PROFESSIONAL ADVISERS

## Bankers

National Westminster Bank  
Owain Glyndwr Square  
Aberystwyth  
Ceredigion  
SY23 2NB

## Solicitors

Geldards LLP  
Dumfries House  
Dumfries Place  
Cardiff  
CF10 3ZF

Humphreys Roberts & Bott  
1 Alfred Place  
Aberystwyth  
Ceredigion  
SY23 2BS

Hugh James  
114 - 116 St Mary Street  
Cardiff  
CF10 1DY

## External Auditors

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

## Internal Auditors

RSM  
Suite 205, Regus House  
Malthouse Avenue  
Cardiff Gate Business Park  
Cardiff  
CF23 8RU

## Investment Brokers

Investec Wealth and Investment  
Gresham Street  
London  
EC2V 7QP

## Actuarial and Pension Advice

Willis Towers Watson  
2 Lochrin Square  
96 Fountainbridge  
Edinburgh  
EH3 9QA

## Registered Charity No.

525775

## VAT no.

905190437

## Registered address:

National Library of Wales, Penglais, Aberystwyth, Ceredigion, SY23 3BU

## Corporation Tax

The Library is exempt from Corporation Tax under Section 505 of the  
Income and Corporation Taxes Act 1988

## 1 GOVERNANCE STATEMENT 2016 - 2017

### 1.1 Statutory Background and Governing Document

The National Library of Wales ('the Library') was established by Royal Charter on the 19th of March 1907. Supplemental Charters were granted in 1911 and in 1978, with slight constitutional revisions. On the 19th of July 2006 a new Supplemental Charter was granted by Queen Elizabeth II, which saw the establishment of a Board of Trustees, to replace the Court of Governors and Council.

The National Library of Wales is also a Registered Charity (number: 525775) and a Welsh Government Sponsored Body (WGSB).

It must therefore function as: (a) a Royal Charter foundation and a Registered Charity of the highest order, and (b) a Welsh Government Sponsored Body. This dual nature governs how it operates and fulfils its role and obligations, which requires a delicate balance between the furtherance of (a) the 'Objects' of its Charter and Charitable status, which represent its foundation purpose, and (b) the principles of arms-length government.

### 1.2 The Governance Framework

The *Governance Framework* lays down the key responsibilities of the Board of Trustees and Executive Team of the Library, the Board's powers of delegation, its proceedings and its expected conduct.

The Board of Trustees adopted a revised *Corporate Governance Framework* in February 2017, which supersedes the 2013 version. This revised *Governance Framework* also incorporates the Trustees' Code of Conduct. At the same time, the Board also adopted revised *Regulations*, in accordance with the provisions of the Charter and Statutes, which supersede the 2006 version.

### 1.3 Recruitment and appointment of Trustees

The Library's Board consists of 15 Trustees, eight of whom are appointed by the Welsh Government and seven by the Library, in accordance with the provisions of the Charter and Statutes. The Trustees include the three Officers - the President, the Vice-President and the Treasurer. The President and Vice-President are appointed by the Welsh Government and the Treasurer is appointed by the Library. All Trustees, including the Officers, are appointed in accordance with the Library's Statutes and *Regulations*, and the principles of open selection as set out by the Nolan Review.

The Vice-President stepped down in April 2016 and it is hoped that the vacancy will be filled by Welsh Government in consultation with the Library in October 2017. Colin John's term as Treasurer also ends in July 2017 and Lee Yale-Helms, who was appointed recently as Treasurer following open competition, and in consultation with Welsh Government, will take up his role on 1 August 2017.

Three new Trustees were appointed during the year to replace those stepping down: two were Library appointees, Gwilym Dyfri Jones and Tomos Dafydd Davies, and one, Steve Williams, was a Welsh Government appointee. All three began their first term of office on 1 February 2017.

Two other Trustees, The Lord Aberdare and D. Hugh Thomas were both reappointed to serve a further (and final) term of four years on 1 November 2016.

#### 1.4 Trustee induction and training

All new appointees follow an induction programme shortly after their appointment, supported by comprehensive governance *Companion Handbook*. All Board members are provided with opportunities to receive other training as appropriate. In line with Charity Commission guidance (*The Essential Trustee*), Trustees are required to act solely in the interest of the Charity, and not as representatives or delegates of particular sectors or constituencies or their appointor. They are not remunerated.

#### 1.5 Relationship with Welsh Government

The relationship between the Library and the Welsh Government is regulated by a *Framework Document* drawn up by MALD: Museums Archives and Libraries Division (formerly CyMAL) in 2010. This sets out the terms and conditions under which the Welsh Ministers provide grant-in-aid to the Library.

Compliance with the *Framework Document* is monitored at regular meetings with the Cabinet Secretary and his/her officials.

#### 1.6 Delegation

While the Trustees are ultimately responsible for overseeing all that the Library does, the non-executive status of the Board means that day-to-day operational management is delegated to the Chief Executive and Librarian, who is also empowered to make decisions and further delegate authority within the Executive Team. The Chief Executive and Librarian is also the Library's Chief Accounting Officer. This enables the Library to discharge its responsibilities appropriately and effectively, but some key decisions are reserved to the Board, where this is either required by the Charter and Statutes and Charitable status, or is considered necessary for the effective oversight of the affairs of the Library by the Trustees. These are:

- ensuring that the Library fulfils its objectives, general functions and duties and appropriately exercises the legal powers vested in it under the Charities Act 2011 and other legislation and its responsibilities under Legal Deposit requirements and the Well-Being of Future Generations (Wales) Act 2015;
- determining the overall strategic direction of the Library within resource limits;
- monitoring the performance of the Chief Executive and Librarian and her team, holding them to account for the exercise of their delegated powers and delivery against plans and budgets;
- promoting and protecting the Library's integrity and reputation;
- ensuring high standards of governance that command the confidence of the public, the Library's funders and regulator, and its staff.

#### 1.7 Board Meetings

During 2016-2017, five scheduled Board meetings were held and one supplementary meeting. Out of a possible maximum of 66 member attendances, a total of 57 were made. The Board considers that the information and data provided by the Executive Team is sufficient to enable it to fulfil its responsibilities. Board minutes are published and made available on the Library's website.

## 1.8 Committees

The Board has three standing committees: the Audit and Risk Committee, Governance and Performance Committee, and Financial Planning Committee, the last being established as a standing committee in November 2016.

The scope of each of these committees is defined in their Terms of Reference.

**1.8.1** The Audit and Risk Committee encompasses all the assurance needs of the Board of Trustees and Accounting Officer. It also engages with the work of Internal and External Audit and financial reporting issues. This committee met four times during the period 1 April 2016 – 31 March 2017.

The Audit and Risk Committee currently comprises three Board members and two external independent members. Current members are: Huw Williams (Chair & Trustee); Phil Cooper (Trustee); Dyfrig Davies (Independent Member); Kirsty Jenkins (Independent Member). The Library's Treasurer, Colin R. John, is an ex-officio member of the Audit and Risk Committee. There is currently one Trustee-member vacancy. The Library's internal auditors, RSM, and representatives from the Wales Audit Office also attend meetings of this Committee. The Library's sponsor division, MALD, reserves the right for a representative to attend one meeting a year.

The Audit and Risk Committee receives copies of all internal audit reports for consideration and monitors the adequacy of management responses to those recommendations which address any risks and weaknesses in internal control. The minutes of each meeting are presented to the Board of Trustees by the Committee's Chair.

**1.8.2** The Governance and Performance Committee encompasses all the governance and performance monitoring needs of the Board of Trustees and the Executive. The committee met three times during the period 1 April 2016 – 31 March 2017 and held one supplementary meeting in November 2016.

The members of the Governance and Performance Committee are: Dr. Susan J. Davies (Chair), D. Hugh Thomas, Huw Williams, Dr Elizabeth Siberry, Dyfrig Jones and Iwan Davies, all of whom are Trustees. The minutes of each meeting are presented to the Board of Trustees by the Committee's Chair.

This committee is responsible for monitoring and reviewing the implementation of the Wales Audit Office governance review (2016) and reporting on progress to the Board of Trustees. The Wales Audit Office published its governance review, *National Library of Wales – A Review of Governance* on 5 December 2016. The Library responded by preparing an action plan which outlined how it would address and implement the recommendations and will be completed by September 2017.

**1.8.3** The Financial Planning Committee encompasses the Library's financial review and monitoring needs. It was established in November 2016 and met twice in the period up until 31 March 2017.

Current members are: Colin R. John (Chair), Phil Cooper, Hugh Thomas and Huw Williams, all of whom are Trustees. There is currently one Trustee-member vacancy. The minutes of each meeting are presented to the Board of Trustees by the Committee's Chair.

### 1.9 Internal audit

The Library's internal audit is provided by RSM in compliance with the standards defined in the Public Sector Internal Audit Standards. They report independently, on an annual basis, on the adequacy and effectiveness of the Library's system of internal control, together with recommendations for improvement. Regular Internal Audit Progress Reports produced by the Library's Internal Auditors are presented to the Audit and Risk Committee to allow members to review and challenge assurance statements and other evidence provided by management. An internal audit procurement process was held in July 2016 and the contract was awarded to RSM for a further period of three years.

### 1.10 Code of Best Practice on Corporate Governance

As far as the Accounting Officer and Board are aware, there is no relevant audit information of which the Library's auditors are unaware. The Accounting Officer and Board have also taken all steps that they should take to make themselves aware of relevant audit information and to establish that the Library's auditors are aware of that information. The Library has acted in accordance with the *Good Governance Code: A Code for the Third Sector* in Wales, and the Board of Trustees will have ensured, again in accordance with this particular code of practice, that the Library has robust governance arrangements in place to promote high performance and safeguard propriety and regularity.

As a Registered Charity, the Library has acted in accordance with the Charity Commission's *Hallmarks of an Effective Charity* and *The Essential Trustee* guidelines and codes of practice and has also made our Trustees aware of this important guidance.

### 1.11 Risk Management

The Library's system of internal control is set out in its *Assurance Framework relating to Risk Management*. This is based on an on-going process designed to identify and prioritise the risks to the achievement of the Library's Strategy and annual Operational Plan; to evaluate the likelihood of those risks being realised and their potential impact; and to manage them efficiently, effectively and economically.

The corporate risk register has identified, documented, assessed and considered the key strategic and operational risks relating to the Library's activities. These risks have also been considered by the Executive Team and appropriate action has been taken to manage them. The Library has used the Core Brief system (a means of communicating key corporate messages to staff) to inform staff of their duties in relation to risk management and encourage them to contribute to the process.

The corporate risk register is reviewed and updated twice annually. Risks identified are included in the risk register and assessed as to whether they pose a strategic, operational, financial, or



compliance risk. Roles and responsibilities in relation to risk management have been approved for the Audit and Risk Committee, internal audit, the Chief Executive and Librarian, and Heads of Directorates and their staff. The Audit and Risk Committee also receives written reports on the updated risk register twice per year.

The Library's approach to managing risk remains cautious in terms of its responsibilities as a national culture and heritage body. The most significant future risk relates to the possible further reductions in Welsh Government Grant-in-Aid as a consequence of increased pressure on UK public expenditure, to a level where the Library is unable to deliver core functions and objectives.

The Library has implemented policies and procedures that ensure compliance with the requirements of the Data Protection Act 1998. There have been no instances of failure to comply with the requirements of this Act. Potential future changes to Data Protection regulation are also monitored.

Linda Tomos  
Chief Executive, Librarian and Accounting Officer  
21 July 2017



Endorsed on behalf of the Board by:

Colin R John  
Treasurer  
21 July 2017



## 2 OBJECTIVES & ACTIVITIES

### 2.1 Primary objectives

The Library's primary 'object', as expressed in the 2006 Supplemental Charter, is:

- *To collect, preserve and give access to all kinds and forms of recorded knowledge, especially relating to Wales and the Welsh and other Celtic peoples, for the benefit of the public, including those engaged in research and learning.*

The founding purpose and vision was to ensure that Wales' unique history, culture and heritage, which is documented in many different formats and media over time, will always be available to better understand who we are, to explain our shared historical and cultural legacy and to encourage research and learning. It has two dimensions - a splendid physical building in Aberystwyth housing the print, manuscript, visual and audio-visual collections, and an online library, archive and digital presence on the internet.

### 2.2 Public Benefit

The Trustees have complied with the duty in section 2 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission on public benefit. Although the main beneficiaries are the people living in Wales, the work of the Library provides a global benefit to visitors and online users.

### 2.3 Main Activities

Our main activities are as follows:

#### 2.3.1. *Collecting:*

*Collecting materials by legal deposit, purchase, donation, bequest, exchange and deposit, in accordance with agreed collection development policies. Carried out through:*

- gathering as complete a collection as possible, in all media, of published material relating to Wales (and other Celtic countries to a lesser extent), including printed and electronic publications and sound/moving image material;
- maintaining (mainly through legal deposit and purchase) the most comprehensive collection in Wales of printed material published in the UK and Ireland, and of research material from other countries;
- developing collections of unpublished materials relating to or deriving from Wales, including archives and artistic works;
- accessing, processing, cataloguing and storing material acquired in the most efficient way.

#### 2.3.2. *Preserving and Conserving:*

*Preserving and conserving the collections. This function is carried out through:*

- ensuring environmental, storage and handling conditions are appropriate for continued preservation;
- intervening to actively conserve materials to arrest deterioration or repair damage;
- transferring information to more suitable preservation formats.

### **2.3.3. Providing access and information:**

*Providing suitable/effective public access to the Library building, collections and services, and information about them.* This function is carried out through:

- monitoring and analysis of user needs;
- providing access to public spaces, collections and facilities within the building;
- arranging access to collection items and information services for onsite users or via online communication for remote users;
- providing easy access to catalogues of the Library's collections, electronic resources, and available digital surrogates.

### **2.2.4. Publicising and interpreting:**

*Raising awareness of, and disseminating knowledge of, the Library's work and collections.* This function is carried out through:

- materials on the Library's website;
- guides and publicity material in paper and online formats;
- exhibitions and educational/community activities derived from the collections, both at the Library and in other venues across Wales;
- events, lectures and seminars.

### **2.2.5. Professional collaboration:**

*Collaborating with, and sometimes leading, related professional groups across and beyond Wales.* This function is carried out through:

- acting as a focal point for library and archive bodies in Wales;
- working with bodies in Wales and beyond to pursue collaborative initiatives and partnerships in the broad heritage, culture and information sectors, and to advance professional practice.

### **Supporting functions:**

The *core functions* are supported by essential management and business functions, including: managing and developing staff; controlling and being accountable for financial resources and income generation; and maintaining and developing ICT infrastructure and the Library's building and facilities.

These are the main activities undertaken to further the charity's purposes for the public benefit for the people of Wales.

The Library submits an Annual Operational Plan to Welsh Government on how the activities will be delivered and the targets against these activities. Further details on how this strategy is derived and carried out is included in section 7.

### 3. ACHIEVEMENT AND PERFORMANCE

The Library believes that it has achieved the main goals for 2016-17 and highlights are as follows:

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#### 3.1 Key highlights in 2016-17

##### 3.1.1 Co-location of the Royal Commission on the Ancient and Historical Monuments of Wales

In May 2016, the Royal Commission was co-located at the National Library. Following a construction programme to adapt the building, the Royal Commission now store their collection, and have a central reading room and offices within the Library premises. This development has seen the strengthening and further development of the excellent relationship between the two bodies.

##### 3.1.2 National Broadcast Archive

In March 2017, we were informed that our Heritage Lottery Fund (HLF) Stage 1 application for £4.9m had been successful. This is an £8m project to home the BBC Cymru Wales archive, and will provide access to the BBC collection from 4 digital hubs, located in Aberystwyth, Carmarthen, Cardiff and Wrexham, and to a lesser extent, online. The Library is now developing an application for the second phase, which we intend to submit in June 2018.

##### 3.1.3 Cynefin

The Cynefin project was successful in digitising, georeferencing and transcribing 100% of the tithe maps of Wales. The project will finish on the 30<sup>th</sup> June 2017 with total funding of £573,909 sourced from HLF and Welsh Government. This project was led by the Archives and Records Council Wales (ARCW) in partnership with the National Library of Wales, People's Collection Wales, local archive offices throughout Wales, as well as communities and individual volunteers. The tithe maps will be available online through the National Library of Wales website.

##### 3.1.4 First World War commemoration

The Library worked closely with Welsh Government on delivering a programme of activities commemorating the war. This included: -

- The development of a mobile/tablet app displaying the location of war memorials and graves. Wales at War developed inclusive activities for schoolchildren all around Wales that enabled them to develop biographies of the names of the war memorials of Wales. This was working in partnership with representatives from the armed services, and educators and schools in Wales. Funding for the project came from the Armed Forces Covenant Fund, HLF and the Welsh Government Department of Education and Skills.
- 2016-17 also saw the successful delivery of the First World War Education Project, which was delivered in conjunction with Museum Wales. Outputs included bilingual cross-curricular resources, for both primary and secondary schools. They are designed to support The National Literacy and Numeracy Framework and the curriculum in Wales, and are available through Hwb, the NLW Education Website, and The People's Collection Wales website. Formats include iBooks, PDF worksheets, lesson plans, film clips, individual items with interpretation and interactive NearPod lessons. The project was funded by Welsh Government Department of Education and Skills.
- Mametz exhibition by Aled Rhys Hughes and David Jones between July and December 2016.
- A programme of commemoration events including a Peace and Goodwill stall in the Urdd Eisteddfod and a series of lunchtime lectures.

### 3.1.5 BFI Unlocking Film Heritage Project

The Library is a key partner in the BFI's Unlocking Film Heritage Project. This is making our film heritage available for everyone in the UK to enjoy by investing in digitisation, preservation, interpretation and access with the ultimate goal of making the UK's entire screen heritage accessible to the public digitally. The Library completed Phase 3 of the project and are awaiting the outcome of funding for Phase 4 in 2017-18,

### 3.1.6 Presence in Pembrokeshire

Working with Pembrokeshire County Council, work has started on the new Haverfordwest Library and Gallery, for which the Library will be contributing content to their exhibition space. We were grateful to the Foyle Foundation for providing £50,000 funding towards the exhibition fit out cost. The building is scheduled to open in Spring 2018.

### 3.1.7 Digital access to Electronic Legal Deposit material

In Autumn 2016, the Library established its first ever digital access point to electronic legal deposit material outside of Aberystwyth at Cardiff University. This access point is open not only to students and University staff, but also to members of the public.

## 3.2 Key Performance Indicators

The Library's performance for 2016/17 against its targets was reported to the Welsh Government as follows:-

	Target	Actual
1 Number of remote network users during the year	1,500,000	1,459,805
2 Visitor numbers	87,000	75,208
3 Number of participants in Library activities	16,000	16,920
4 User satisfaction (physical); good / very good	98%	92%
5 User satisfaction (virtual) good / very good	60%	68%
6 Usage of reading rooms	25,000	18,512
7 Number of volunteers	700	1,032

Performance against targets has been reviewed with Welsh Government and the Board with notes and explanations provided as to the level of achievement against target.

We remain committed to the monitoring and evaluation of our work in both quantitative and qualitative ways. While our quantitative performance indicators provide a snapshot of performance, qualitative data from case studies and narrative reports continues to provide more detailed insight, and an opportunity for reflecting on and enriching our work.

## 4 FINANCIAL REVIEW

### 4.1 Results and Appropriations

The accounts are prepared under Section 9(4) of the Museums & Galleries Act 1992 in a form directed by ministers of the Welsh Government with the approval of the Treasury. The Library's net outgoing resources for the financial year were £360k (2015/16: £17k). The Library's incoming resources totalled £12.255m (2015/16: £13.451m) and total resources expended were £12.615m (2015/16 £13.434m).

The unrestricted public reserve increased from £109K surplus to £110K surplus, therefore breaking even during the year. This was achieved by cost control, but the level of unrestricted public reserve is low and could not sustain future losses due to Welsh Government restrictions on carry forward of cash at year end.

Fund balances at 31 March 2017 stood at £83.0m (31 March 2016: - £91.04m).

### 4.2 Charities Statement of Recommended Practice

The Charity Commission issued a Statement of Recommended Practice (SORP) for charities in October 1995 which was most recently updated by the Charities SORP 2015. The Library has complied with the SORP since the 1996/97 accounts.

### 4.3 Valuation of Tangible Fixed Assets

The Library commissioned a revaluation by Cooke and Arkwright, Chartered Surveyors, of the Library's buildings and freehold land as at 31 March 2017. Land and other tangible fixed assets are shown at either existing use value or depreciated replacement cost. Values are normally adjusted annually by indexation between each formal valuation which takes place every 5 years.

### 4.4 Policy on the Payment of Creditors

The Library operates a monitoring procedure to measure the Library's performance against the "Better Payment Procedure Code" and a sample of invoices paid is taken to assess performance. During 2016/17, 100% of the invoices received were paid within 30 days of receipt by the Finance Department (2015/16 – 99.8%). 88.8% of invoices were paid within 15 days of receipt.

### 4.5 Charity Reserves Policy

The Charity SORP 2015 requires the Library to disclose its policy on Charity Reserves.

#### 4.5.1 Unrestricted Public Funds

The National Library of Wales is currently dependent on Welsh Government to sustain the majority of its activities. The Library's Public Funds reserves policy is to conform to the requirements of the Welsh Government's Framework Document which sets out the financial framework under which the Library is required to operate. The main requirement of the Framework Document in relation to reserves is that only 2% of gross Grant-in-Aid can be held as cash balances. This requirement is particularly difficult at a time of financial uncertainty and mitigation of risks would justify carrying higher levels of reserves due to the financial outlook.

Therefore the Library is exposed to a high level of financial risk and the requirements of the Welsh government do not help to promote good financial and risk management in relation to the level of reserves held.

#### 4.5.2 Restricted Public Funds

Public restricted funds represent Capital and Purchase Grants received from the Welsh Government or any grant received from a public body for specific purposes. This funding is also restricted to 2% of gross Grant-In-Aid carry over in cash balances.

#### 4.5.3 Unrestricted Private Funds

The Library's unrestricted private funds have three main objectives:

- To contribute to the revenue costs of running the Library's services.
- To supplement the Collections Purchase Grant to enable the Library to fulfil its collections policy.
- To finance capital investment or future developments including equipment, buildings and computer hardware and software.

At the 31 March 2017:

- £2M had been notionally earmarked for providing match funding for the National Broadcasting Archive project, where Stage 1 has been successful and we will be proceeding to Stage 2 in June 2018.
- £200K per annum had been earmarked as a contribution towards the shortfall in the Library's capital budget; partially to support the Purchase Grant as funding has now been reduced to £200K and partially to fund the ICT infrastructure requirements.
- The Board has agreed to fund £50,000 towards the Bywgraffiadur/ Dictionary of Welsh Biography online. This is a joint project with the Centre for Advanced Welsh and Celtic Studies.
- The Board has agreed to invest £240,000 (£80,000 per annum for 3 years) to catalogue and promote Welsh folk music, especially the Meredydd Evans collection.
- The Library is developing relationships with higher education establishments with a view of developing shared partnership in future – funded from the unrestricted fund.

The value of the Library's unrestricted charitable funds is therefore likely to decrease over the period to 2021. The level of reserves are reviewed and monitored by the Board through the Financial Planning Committee.

#### 4.5.4 Restricted Private Funds

The Library's private restricted funds can only be used in accordance with any stipulated terms of each specific bequest. They can only be used for the purposes described and therefore they are only used when an item of expenditure that directly relates to the fund is approved by the Board or the funder. In consultation with our legal advisers and the Charitable Commission, the D M Phillips fund has now been moved to unrestricted private funds, following a review of the original documentation, where it was agreed that there was no stipulated terms.

#### 4.6 Investment Policy

In 2016/17, the Library's investment policy was updated with new benchmark set. The portfolio has been invested in both equities and bonds. The amount that can be invested in different asset classes has been set according to an assessment of risk. The Library's attitude to risk is classified as "moderate", accepting that in order to achieve higher returns than placing cash on deposit there will be a consequent risk in investing in bonds and equities.

The Board reviews the Investment Strategy and Policy on an annual basis, which includes consideration of social, environmental or ethical investments.

The Library has appointed investment managers, Investec Wealth & Investment, who are responsible for investing the private funds portfolio. The managers have been set a benchmark for the performance of the investment portfolio, and in 2016/17 a return of 17.49% was achieved against a benchmark of 17.68% (2015/16: -3.02% against benchmark of -3.49%).

The investments were managed on a discretionary basis according to the requirements of the Trustee Investment Act 1961 and latterly the Trustee Act 2000. The performance of the portfolios is monitored and reported regularly to the Financial Planning Committee and the Board. At 31<sup>st</sup> March 2017, the market value of the investments was £10.06m (2016: £8.67m).

#### 4.7 Key risks and uncertainty

##### 4.7.1 Financial uncertainty

Although the core grant is increasing short term by 3.5% in 2017-18, the Board and management remain concerned about the significant reduction to the Library's grant from Welsh Government. 2016-17 saw a 4.7% cut in the Grant in Aid, with threats made to the available capital and purchase grant.

While in the short term, the shortfall can be funded from the unrestricted private fund, further reorganisation may be required to generate the savings in the long term, and the Board are concerned that the Library will not be able to meet its objectives in future if funding cuts persist.

##### 4.7.2 Pension Scheme

The actuarial valuation of the scheme undertaken as at 31 of March 2016, showed a historical deficit of £370k which needs to be funded by the employer, as well as the need to increase the future service accrual. The Library is in discussion with the employees and union representatives regarding future changes to the scheme, but the costs of the pension scheme and the risk of future liabilities remains a key risk.



## 5 SUSTAINABILITY REPORT

This report has been compiled in accordance with the guidelines laid down by HM Treasury in *Public Sector Annual Reports: Sustainability Reporting Guidance*. We achieved the following:

	2016-17	2015-16	2014-15
<b>Water consumption</b>			
Water consumption m <sup>3</sup>	10,523	9,842	7,698
Water consumption m <sup>3</sup> per WTE*	40.26	41.52	27.69
Water supply costs £	£42,784	£35,483	£25,718
<b>Paper consumption</b>			
Paper consumption in reams (ext and int)	607	757	1,453
Paper consumption in reams (internal use)	469	590	1,064
<b>Waste</b>			
Total waste (tonnes)	32.57	31.02	34.8
Reused, recycled, composted	14.2	12.5	21.1
Landfill	18.33	18.52	13.73
Hazardous	-	0.4	15.1 (fire damage)
Reused, recycled, composted as % of total waste	43.6%	40%	60.6%
Total disposal cost £ (exc Fire Waste)	£9,216	£4,052	2,858
<b>Greenhouse gas emission</b>			
Total emission tonnes CO <sub>2</sub> equivalent			
Attributable to business travel			
By car	58	70	66.6
By rails and air	1	-	-
Attributable to energy consumption (1,000 tCO <sub>2</sub> e)			
Electricity & Gas	1,811	1,773	1,720
Attributable to energy consumption			
Electricity	2,687,696	2,446,648	2,358,799
Gas	3,283,225	2,976,625	3,148,131
* The above includes the areas occupied by RCAHMW which have increased energy consumption			
Expenditure on business travel £(Staff Mileage, Car Fuel, Train, Bus & Plane)	£41,768	£53,828	£66,113
Expenditure on Library Van	£11,539	£8,967	£5,320
Total energy expenditure £	£354,128	£343,116	£341,960

### Note on Energy:

Costs are total for the site including energy supplied to adjacent building however consumptions are only for NLW buildings. A Carbon Reduction Plan is being updated in conjunction with the Carbon Trust. The Plan has indicated that in order to achieve any significant savings considerable investment will be needed and therefore additional funds are required from the Welsh Government to implement it. Various schemes have been identified together with estimated costs and pay back periods; these will be explored and developed over the coming years as funding allows.

Horticultural waste generated on the Library's site is composted on site. The quantity of this waste that is generated is not measured.

## **6 POLICIES RELATING TO STAFF**

### **6.1 Living Wage**

The Library has paid the living wage set out by the Living Wage Foundation since April 2014.

### **6.2 Recruitment and Retention**

The Library can only achieve its goals through the commitment and experience of its staff; therefore the Library focuses on providing training to ensure that all staff members reach their potential.

### **6.3 Employment of Disabled People**

The Library operates a non-discriminatory recruitment procedure and is always prepared to consider applications from, and to appoint, disabled people. Further, the Library makes every effort to ensure that disabled employees are provided with the facilities necessary to carry out their employment effectively.

### **6.4 Consultation with Employees**

The Library communicates information to staff by various methods including staff meetings, weekly e-mails, team briefing sessions, Core Brief, and regular consultation and negotiation with the Partnership Council and with the national Trade Union representatives. The Library adopted an Internal Communication Strategy in 2016 and implementing this Strategy will provide a further opportunity to develop the relationship between the managers and staff.

### **6.5 Remuneration Report**

The Library remunerates its entire staff under an agreed pay and grading system. The current system was approved by the Library's Executive Team and agreed with the staff unions through the collective bargaining arrangements. An independent appeals process is in place to consider grading issues.

The Library annually, in consultation with the staff unions, considers the remuneration package against external comparators, movements in the economy and any internal inequities that may have developed. From this, a pay remit or proposal is produced and this is submitted to the Welsh Government for approval and is then formally negotiated with the unions. This results in a new pay and conditions package for the whole of the Library staff which is binding until the next round of negotiation. Incremental increases under the pay remit are dependent upon the Library's system of annual appraisals. Inflationary elements contained within the agreed pay remit are automatically awarded to all staff.

The Chief Executive and Librarian's salary consists of a basic salary with an option to award an annual unconsolidated bonus. From 2015/16, the Chief Executive's salary is included in the general pay remit and will be uplifted in line with the inflationary pay award agreed for all staff. This percentage of the award is consolidated into the annual salary. The balance of the award, up to a maximum of 10%, would be paid as an unconsolidated annual payment were it to be awarded. The unconsolidated element of the pay is determined by the Officers of the Library (President, Vice President and Treasurer) according to guidelines issued by the Welsh Government regarding the maximum pay award for Chief Executives. No unconsolidated award was made in 2016/17 (2015/16: £0). The current Chief Executive and Librarian has a fixed term contract of employment and is an ordinary member of the Library's pension scheme.

Other senior staff receive a gross salary, which is determined as part of the negotiation of the pay remit for all other staff in the Library. The pay remit is approved by the Welsh Government. Senior staff have permanent contracts of employment and are ordinary members of the Library's pension scheme. Membership of the Executive Team is shown on page 2 and further details of the remuneration and pension benefits are shown in Note 8 (c) to the accounts. The notice period for the members of the Executive Team is 3 months. Provision for compensation for early termination is contained within the Library's standard redundancy arrangement.

## 7 PLANS FOR FUTURE PERIODS

During 2016-17, the Library developed a new Strategic Plan from 2017-2021 which focusses on the important responsibility of the Library to acquire, manage and make available the national collections for the long term.

The key strategic objectives have been set as follows:-

- Being excellent custodians of our collections;
- Contributing to the Well-Being of Future Generations;
- Ensuring long term access to the national collections;
- Being central to national cultural life;
- Ensuring resilience for the long-term.

Within the strategic plan, long term targets have been set that by 2021, we will aim to: -

- Maintain our existing core services and delivery as a national Legal Deposit Library based on a stable baseline in our grant from the Welsh Government over the 4 years;
- Continue to promote and encourage the use of Welsh in all our internal and external activities, and comply with our statutory duties to deliver the Welsh language standards agreed with the Welsh Language Commissioner;
- Establish a Strategic Partnership with Cadw, AC-NMW, RCAHMW and Trades Unions to develop Historic Wales by July 2017;
- Implement an initial strategy to deliver the statutory requirements of the Future Generations (Wales) Act by December 2017;
- Complete a Skills Audit and Development Programme, and implement a People Strategy and Workforce Development Plan by 2018;
- Complete a scoping report on the establishment of a National Archive for Wales by March 2019;
- Implement a National Digital Preservation Strategy in a leadership role for Wales by 2019;
- Continue to contribute digital educational resources for Y Hwb; deliver the People's Collection Wales in partnership, and support the delivery of the Cymru'n Cofio Wales Remembers 1914-1918 Commemoration Programme, increasing our output by 10% by 2019;
- Enhance the technical infrastructure and content of the Dictionary of Welsh Biography, working in partnership with the Centre for Advanced Welsh and Celtic Studies, by 2019;
- Complete a major capital programme and develop a new Asset Management Plan by 2020;
- Continue to extend our marketing and user engagement strategies, supporting the Year of Legends in 2017 and the Year of the Sea in 2018. increasing the number of people visiting the Library and engaging in activities by 15% by 2021;
- Increase commercial income, grants and donations to raise £1 million annually by 2021;
- Double our digital usage to 3 million visits by 2021;
- Double the number of digital items to 10 million by 2021;

- Increase our outreach and engagement work for the Fusion Programme by 20% by 2021;
- Develop a strategic relationship with BBC Cymru Wales, S4C and ITV Wales to preserve and provide access to broadcast material by 2021;
- Maintain our Customer Service Excellence Standard accreditation and our Visit Wales Gold standard until 2021;
- Continue to work with Wikimedia UK to develop and embed digital engagement with our open content on Wikipedia and other third-party platforms to increase views of the Library's content to 250 million by 2021 and actively contribute to the development of Welsh language content on Wikipedia.

By March 2021, the Library's aims are that it will:

- have increased the usage and awareness of its collections, services and activities across Wales and beyond;
- have continued to successfully deliver its statutory duties as a Legal Deposit Library under its Charter and have delivered its strategic priorities under the Welsh Government's annual Remit Letter;
- implemented governance arrangements and forward financial planning strategies which enable it to face an uncertain financial context for public sector bodies in a more resilient way;
- have ensured that Library staff work in an organisational structure which supports skills development and promotes collaboration and flexible working;
- have strengthened its strategic partnerships both in the culture and heritage sector in Wales and beyond. In this way, it will extend its reach digitally and physically, providing services wherever possible where people can receive them most easily;
- have contributed fully to national cultural life, delivering across Wales, focusing on areas where access to cultural activities is restricted and supporting Welsh language services;
- have extended its leadership role in the digital management, preservation and delivery of information and knowledge within Wales, providing its expertise to other organisations where resources allow;
- continue to be a unique and valued bilingual national institution.

### Trustees

The Trustees have complied with their duty in Section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

### Auditor

The Accounts are audited by the Auditor General for Wales in accordance with Section 9(8) of the Museums and Galleries Act 1992 for Wales.



Linda Tomos  
CHIEF EXECUTIVE & LIBRARIAN  
21 July 2017



Colin R John  
TREASURER  
21 July 2017

## STATEMENT OF BOARD AND LIBRARIAN'S RESPONSIBILITIES

Under Section 9(4) of the Museums and Galleries Act 1992, the Board of the National Library of Wales is required to prepare a statement of accounts for each financial year in the form and on the basis determined by Ministers of the Welsh Government with the consent of the Treasury. The accounts are prepared to give a true and fair view of the Library's financial activities during the year and of its financial position at the end of the year.

In preparing the Library's accounts the Board is required to:-

- Observe the accounts direction issued by ministers of the Welsh Government including the relevant accounting and disclosure requirements, and apply them on a consistent basis.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis, unless it is inappropriate to assume that the Library will continue in operation.

The Principal Accounting Officer for Ministers of the Welsh Government has designated the Librarian as the Accounting Officer for the Library. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Welsh Government's Accounting Officer Memorandum.

### Statement of the Disclosure of Relevant Audit Information

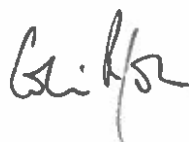
As far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware, and the Accounting Officer has taken all steps that she ought to have taken to make herself aware of any audit information and to establish that the auditors are aware of that information.

Linda Tomos  
CHIEF EXECUTIVE & LIBRARIAN  
21 July 2017



Endorsed on behalf of the Board by:

Colin R John  
TREASURER  
21 July 2017



## **The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales**

I certify that I have audited the financial statements of the National Library of Wales for the year ended 31 March 2017 under section 9 of the Museums and Galleries Act 1992. These comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Librarian and auditor**

As explained more fully in the Statement of Librarian's Responsibilities the Librarian is responsible for preparing the financial statements, in accordance with the Museums and Galleries Act 1992 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Library of Wales's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Library of Wales and the overall presentation of the financial statements. In addition, I obtain evidence sufficient to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities, which govern them.

In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my certificate and report.

### **Opinion on Financial Statements**

In my opinion the financial statements:

- give a true and fair view of the state of the National Library of Wales's affairs as at 31 March 2017 and of its net expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers directions issued under section 9 of the Museums and Galleries Act 1992.

**Opinion on Regularity**

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers directions' made under section 9 of the Museums and Galleries Act 1992; and
- the information in the Annual Report is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters, which I report to you if, in my opinion:

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

**Report**

I have no observations to make on these financial statements.



Huw Vaughan Thomas  
Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

1 August 2017

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2017

	Notes	PUBLIC FUNDS		PRIVATE FUNDS		2016/17	2015/16
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
<b>Income:</b>							
Donations and legacies	15b	-	-	11	206	217	585
Charitable activities:							
Government Grants	2	9,261	1,577	-	-	10,838	11,618
Other Grants	3	-	277	-	3	280	462
Other trading activities	4	679	-	-	-	679	569
Investment income	15b	-	-	219	22	241	217
<b>Total Income</b>		<b>9,940</b>	<b>1,854</b>	<b>230</b>	<b>231</b>	<b>12,255</b>	<b>13,451</b>
<b>Expenditure:</b>							
Costs of raising funds	5	766	95	33	3	897	824
Charitable activities:							
Collection	5	2,215	605	-	-	2,820	2,493
Giving Access & Information	5	2,547	355	6	-	2,908	3,021
Publicising & Interpretation	5	1,388	498	-	44	1,930	2,167
Conservation & Preservation	5	2,858	563	-	-	3,421	3,299
Governance	5	705	87	-	-	792	1,033
<b>Material items</b>							
Fees relating to roof fire	23a	-	-	-	-	-	19
Settlement / Tribunal payment	23b	-	-	-	-	-	45
Severance	23c	-	-	-	-	-	78
Third Library Building Phase3	23d	-	-	-	-	-	440
<b>Total expenditure</b>		<b>10,479</b>	<b>2,203</b>	<b>39</b>	<b>47</b>	<b>12,768</b>	<b>13,419</b>
(Gain)/ Loss on disposal of fixed assets		-	7	-	-	7	-
(Gain)/ Loss on disposal of assets intended for investments	15b	-	-	(363)	(37)	(400)	(155)
Pension Finance Costs	22d	240	-	-	-	240	170
<b>Total expenditure</b>		<b>10,719</b>	<b>2,210</b>	<b>(324)</b>	<b>10</b>	<b>12,615</b>	<b>13,434</b>
<b>Net income/ (expenditure)</b>		<b>(779)</b>	<b>(356)</b>	<b>554</b>	<b>221</b>	<b>(360)</b>	<b>17</b>
Gross transfers between funds	15b	-	40	699	(739)	-	-
		<b>(779)</b>	<b>(316)</b>	<b>1,253</b>	<b>(518)</b>	<b>(360)</b>	<b>17</b>
<b>Other recognised gains/ (losses):</b>							
Unrealised gains on investment	15b	-	-	736	39	775	(381)
Tangible Fixed Assets Revaluation and Indexation	10	-	(7,570)	-	-	(7,570)	4,011
Actuarial gains(losses) on defined benefit pension scheme	22e	(880)	-	-	-	(880)	(1,070)
<b>Total gains/ (losses)</b>		<b>(880)</b>	<b>(7,570)</b>	<b>736</b>	<b>39</b>	<b>(7,675)</b>	<b>2,560</b>
<b>NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR</b>		<b>(1,659)</b>	<b>(7,886)</b>	<b>1,989</b>	<b>(479)</b>	<b>(8,035)</b>	<b>2,577</b>
<b>FUND BALANCES BROUGHT FORWARD AT 1 APRIL</b>	15	<b>(7,301)</b>	<b>82,692</b>	<b>7,880</b>	<b>7,768</b>	<b>91,039</b>	<b>88,462</b>
<b>FUND BALANCES CARRIED FORWARD AT 31 MARCH</b>	15	<b>(8,960)</b>	<b>74,806</b>	<b>9,869</b>	<b>7,289</b>	<b>83,004</b>	<b>91,039</b>

All activities are continuing. All recognised gains and losses are recorded in the Statement of Financial Activities. The notes on pages 26 to 47 form part of these accounts.



## BALANCE SHEET AS AT 31 MARCH 2017

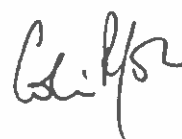
		31 <sup>st</sup> March 2017		31 <sup>st</sup> March 2016	
	Notes	£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible Assets	10	60,031		68,009	
Heritage Assets	12	20,234		19,885	
Investments	11	10,057		8,678	
			90,322		96,572
<b>CURRENT ASSETS</b>					
Stocks		44		52	
Debtors	13	1,182		1,388	
Bank		1,134		1,207	
		2,360		2,647	
<b>CREDITORS</b>					
Bank		(26)		(1)	
Amounts falling due within one year	14	(557)		(719)	
		(583)		(720)	
<b>NET CURRENT ASSETS</b>			1,777		1,927
Amounts falling due after more than one year	14		(25)		(50)
Net assets excluding pension scheme liability			92,074		98,449
Defined benefit pension asset (liability)	22		(9,070)		(7,410)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			83,004		91,039
<b>FUNDS</b>					
	15				
Public Unrestricted		110		109	
Pension Reserve		(9,070)		(7,410)	
Total Public Unrestricted Funds		(8,960)		(7,301)	
Public Restricted (exc Revaluation Reserve)		55,513		55,829	
Revaluation Reserve		19,293		26,863	
Private Unrestricted		9,869		7,880	
Private Restricted		192		800	
Private Restricted Collections		7,097		6,968	
			83,004		91,039

The trustees have prepared the accounts in accordance with section 138 of the Charities Act 2011.  
The notes on pages 26 to 47 form part of these accounts.

Linda Tomos  
CHIEF EXECUTIVE  
AND LIBRARIAN  
21 July 2017



Colin R John  
TREASURER



21 July 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

		2016/17		2015/16	
		£000	£000	£000	£000
Cash generated in operating activities	17		1,221		752
<b>Cash flows from investing activities: -</b>					
Purchase of tangible fixed assets	10	(896)		(3,421)	
Purchase of heritage assets	12	(218)		(303)	
Proceeds from sale of investments	11	3,255		1,203	
Purchase of Investments	11	<u>(3,583)</u>		<u>(1,527)</u>	
<b>Net cash provided by (used in) investing activities</b>			<b>(1,442)</b>		<b>(4,048)</b>
<b>(Decrease)/Increase in Cash and cash equivalents in the year</b>			<b>(221)</b>		<b>(3,296)</b>
Cash and cash equivalents at the beginning of the year			2,196		5,492
<b>Total cash and cash equivalents at the end of the year</b>	<b>18</b>		<b>1,975</b>		<b>2,196</b>

The notes on pages 26 to 47 form part of these accounts.

There is no endowment income or expenditure to report.

## NOTES TO THE ACCOUNTS AT 31 MARCH 2017

### 1 ACCOUNTING POLICIES

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

#### (a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) (Charities SORP (FRS102), and the 2000 Accounts Direction issued to the Library by the National Assembly for Wales Government. The accounts are prepared on a going concern basis.

The National Library of Wales meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note (s),

The accounts meet the requirements of Accounting Standards issued or adopted by the Financial Reporting Council in so far as those requirements are appropriate. The Accounts Direction does not require the Library to produce a summary income and expenditure account or note of historical cost on surpluses or deficits.

#### (b) Incoming Resources

All income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item have been met, it is probable that the income will be received and the amount can be measured reliably. All Grant-in-Aid from Welsh Government is recognised in the SOFA in the year of receipt, unless it is related to Invest to Save funding which is treated as a creditor. Capital Grant in Aid is not deferred over the life of the asset. Other grants received are recognised on receipts basis when grant conditions are met.

For legacies, entitlement is taken as the earlier of the date on which either; the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor (s) to the Library that a distribution will be made, or when a distribution is received from the estate. Where legacies have been notified to the charity or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. Transfers from private funds are accounted for after consideration of movements in working capital. Income received relating to subsequent accounting periods will be treated as deferred income.

#### Fund Accounting

Unrestricted funds (public and private) are available to spend on activities that further any of the general objectives of the Library.

Public restricted funds represent Capital and Purchase Grants received from the Welsh Government for specific purposes.

Private restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside for a specific purpose. Private restricted funds are donations which the donor has specified are to be solely used for particular areas of the Library's work or for a specific project being undertaken by the Library.

#### (c) Expenditure

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 obligations can be measured reliably. Where expenditure has been incurred in advance and relates to a later period, the accounts will only consider a prepayment if higher than £5,000 in value. Expenditure is classified under the following activity headings:

- Cost of raising funds comprises the cost of commercial trading, fundraising costs and investment management fees.
- Expenditure of charitable activities includes the cost of maintaining collections, conversation, education and exhibitions and other activities undertaken to further the purposes of the charity.
- Other expenditure represents those items not falling into any other headings.

**(d) Investments**

Investments are stated at market value at the balance sheet date. Gains and losses on disposal are credited or charged to the Statement of Financial Activities. Movements in the market value of investments held at the yearend are also reflected in that statement in accordance with the Statement of Recommended Practice for Accounting for Charities.

**(e) Tangible Assets**

Land and Buildings are shown at existing use value or depreciated replacement cost in the case of specialised buildings. An external valuation is obtained every five years and appropriate indices are used to change that valuation in the intervening years or where substantial changes in asset values may have happened, a valuation may be requested at an interim period. Gains and losses arising from revaluations are taken to the Statement of Financial Activities in the year in which they arise.

Individual plant, machinery, equipment and motor vehicles costing £5,000 or more are capitalised at cost, unless the equipment forms part of a group of assets, network or project where the value is over £5,000. Assets are depreciated over their estimated useful lives on a straight line basis,

Depreciation is provided in full in the year of acquisition, at rates calculated to reduce each asset to its estimated residual value evenly over its expected useful economic life, as advised by the valuers as follows:

- |  |                   |
|--|-------------------|
| ○ Freehold buildings                         | - up to 125 years |
| ○ Plant, machinery and equipment             | - up to 30 years  |
| ○ Computer equipment and digital development | - up to 10 years  |
| ○ Motor Vehicles                             | - up to 5 years   |

Freehold land is not depreciated.

Collection Purchases are not depreciated

**(f) Heritage assets**

Prior to 1<sup>st</sup> April 2001, the Library's collection had not been capitalised in the balance sheet. Purchases for the collection were charged to Restricted Public Funds in the Statement of Financial Activities in the year of acquisition. Purchases for the collection are capitalised in the year of acquisition and held at historic value; these assets are not re-valued or indexed.

Donations of items to the collections are accounted for when received at an estimate of their market value. These assets are not revalued or indexed.

Heritage Assets are not depreciated because they have indefinite life.

Carrying amount of an asset will be reviewed only where there is evidence of impairment.

**(g) Stocks**

The cost of stocks of re-saleable items has been recognised in the balance sheet at the lower of cost or net realisable value.

**(h) Pension Costs**

The Library operates its own superannuation scheme which provides benefits based on final pensionable salary. Contributions to the scheme are charged to the statement of Financial Activities so as to spread the cost of pensions over employees working lives. The charge to the Statement of Financial Activities is calculated based upon the current service cost as calculated by the scheme actuary.

**(i) Staff holiday pay**

At the year end, staff holiday entitlements that has not yet taken and which is carried forward to the next financial year have been provided for in the accounts in line with FRS102 requirements.

**(j) Taxation**

The Library has been granted charitable status by the HMRC and is therefore exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Non-recoverable Value Added Tax arising from expenditure on non-trading activities is charged to the Statement of Financial Activities or capitalised if related to a fixed asset.

**(k) Going Concern**

The Library's accounts have been prepared on a going concern basis. Although there is a reduction in future grants to the Library, current projections estimate that the Library can continue with current activities with deficits being funded from private funds. There are no other material uncertainties about the charity's ability to continue

**2. GOVERNMENT GRANTS**

	2016/17	2015/16
	£000	£000
<b>Unrestricted</b>		
Grant-in-Aid*	9,261	9,705
<b>Restricted</b>		
Purchase Grant	200	305
Capital – Digital Development Grant	105	-
Capital - General	550	632
Capital – Courtyard Infill / Additional Storage	44	200
Culture Meets Business	-	20
Libraries Inspire	239	255
People's Collection Wales	140	165
ARCW	122	52
Cynefin	-	20
The Great War	115	213
Wales at War	22	51
First World War Commemoration	20	-
Welsh in Education – Wikipops	20	
<b>Total grant received from Welsh Government</b>	<b>10,838</b>	<b>11,618</b>

\*£270,000 additional Grant- in-Aid was received during the year 2015/16 which was repaid from the Grant in Aid provided in 2016/17.

**3. OTHER GRANTS**

	2016/17	2015/16
	£000	£000
<b>Restricted public</b>		
EU Grants	-	91
Cynefin (Heritage Lottery Funding)	135	205
Unlocking Film Heritage (British Film Institute)	75	83
Wales at War ((Heritage Lottery Funding))	43	13
Other minor grants	24	49
	<b>277</b>	<b>441</b>
<b>Restricted private</b>		
Scottish Power Foundation	3	21
	<b>3</b>	<b>21</b>
<b>Total other grants</b>	<b>280</b>	<b>462</b>

**4. INCOME FROM OTHER TRADING ACTIVITIES**

	2016/17	2015/16
Unrestricted	£000	£000
Catering	227	221
Shop income	91	92
Events	34	21
Consultancy and systems	9	27
Income generated from collections	140	76
Licencing and royalties	49	62
Miscellaneous	113	56
Car Park	16	14
	<b>679</b>	<b>569</b>

**5 ANALYSIS OF EXPENDITURE**

	Staff Costs	Other direct	Depreciation	2016/17	2015/16
	£000	costs	£000	TOTAL	TOTAL
	£000	£000	£000	£000	£000
Cost of raising funds	385	417	95	897	824
<b>Charitable Expenditure</b>					
Collection	1,563	983	274	2,820	2,493
Giving Access & Information	1,991	602	315	2,908	3,021
Publicising & Interpretation	1,233	525	172	1,930	2,167
Conservation & Preservation	2,740	327	354	3,421	3,299
Governance	438	267	87	792	1,033
Material items	-	-	-	-	582
	<b>8,350</b>	<b>3,121</b>	<b>1,297</b>	<b>12,768</b>	<b>13,419</b>

**6. NET INCOME/ (EXPENDITURE) FOR THE YEAR**

	2016/17	2015/16
This is stated after charging:	£000	£000
Depreciation	1,297	994
Auditor's remuneration	35	28
Accountancy services	-	8
Internal audit fees	10	23
Other governance reports	-	20
Investment management fees	36	34

## 7. ANALYSIS OF SUPPORT COSTS

The Library initially identifies the costs of its support functions. It then identifies those costs which relate to governance function. Having identified its governance costs, the remaining support costs are apportioned between the cost of raising funds and four key charitable activities undertaken in the year.

The support salary cost is apportioned in line with salary costs for each department, with the non-staff support cost allocated based on activity expenditure.

	Cost of generating funds £000	Collection £000	Giving Access & Information £000	Publicising & Interpretation £000	Conservation & Preservation £000	Governance £000	Total £000
Exec	2	3	9	12	7	16	49
Support							
Finance	17	14	51	46	32	48	208
HR	11	9	34	34	23	39	150
ICT	65	60	215	216	144	258	958
Building	152	121	442	357	256	336	1,664
Other	2	2	8	10	6	13	41
	249	209	759	675	468	710	3,070

## 8. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

### (a) Total Staff Costs

	2016/17		2015/16	
	£000	£000	£000	£000
Salaries and Wages		5,814		6,077
Social Security Costs		501		408
Current Service Cost	1,495		1,580	
FRS102 current service cost adjustment	540		520	
		2,035		2,100
FRS102 finance interest charge (see note 22d)		240		170
		8,590		8,755

There were no agency or short term contractors employed.

Other than the staff noted in 8c there were no members of staff who earned over £60,000 (basic pay, allowances and holiday pay due) (2015/16 – 1 staff member).

### (b) Pension Scheme

The Library operates a funded pension scheme which is a defined benefit pension scheme providing benefits based on final pensionable pay at a normal retirement age of 60. Members leaving the scheme who have contributed for a period of less than 2 years will receive a refund of member's contributions. Benefits accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On



death in service the scheme pays a lump sum benefit. Medical retirement is possible in the event of serious ill-health.

The employer contribution to the scheme for the period amounted to £1.49m (2015/16 £1.58m). The assets of the Scheme are held separately from those of the Library and were invested with Legal and General who manage a portfolio of bonds and equities on a largely passive basis. The 31 March 2016 actuarial valuation showed that the market value of the Scheme's assets was £56.5m and that the actuarial value of those assets amounted to 99% of the value of the liabilities of the Scheme. Note 22 provides further information on the finances of the pension scheme to comply with the requirements of FRS102. The actuarial statement is published in the National Library of Wales' Pension Fund Annual Accounts. Welsh Government granted in 2006/07 a Crown Guarantee which exempts the Scheme from the Pension Protection Fund and the associated levy.

### (c) Remuneration of Executive Team

Membership of the Executive Team is noted on page 2 (Reference & Administrative Details). The Librarian's consolidated salary is indicated in the Remuneration Report of Section 6 of the Trustee Report (6.5).

The Librarian's salary was 3.86 times the median salary (£23,290) of the Library. Other senior staff receive a gross salary, which is determined as part of the negotiation of the pay remit for all other staff in the Library. The Librarian is on a fixed term contract and all other senior staff members all have permanent contracts of employment and are ordinary members of the Library's pension scheme.

The value of pension benefits is calculated as follows:

- (real increase in pension\* x20) + (real increase in any lump sum\*) – (contributions made by member)

\*excluding increases due to inflation or any increase or decrease due to a transfer of pension rights.

The multiplier of 20 is specified in the disclosure requirements. The Library has used this figure in order to comply with the guidance. This is not an amount which has been paid to an individual by the Library during the year; it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

The National Library of Wales Staff Superannuation Scheme is a funded final salary scheme. The accrued pensions and lump sums are the amounts that would be paid from Normal Retirement Date if the member left service at the relevant date. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits, including any Additional Voluntary Contributions and transfers in of service, accrued by the member at a particular point in time. The transfer values have been calculated in accordance with the guidance note "GN11" published by the Institute of Actuaries and Faculty of Actuaries. The assumed rate of price inflation was 1.2%.

The following payments were made to members of the Executive Team:

	2016/17				2015/16			
	Consolidated Salary	Unconsolidated Salary	Real Increase (decrease) in Pension Benefits	Single Total Figure of Remuneration	Consolidated Salary	Unconsolidated Salary	Real Increase (decrease) in Pension	Single Total Figure of Remuneration
	£	£	£	£	£	£	£	£
Prof AG Jones Librarian (1/4/15 - 31/8/15)	n/a	n/a	n/a	n/a	37,500	3,115	11,050	51,665
Ms L Tomos Librarian (2/11/15-31/3/17)	90,000	-	25,980	115,980	37,250	-	10,580	47,830
Ms A Jones Director Collection and Public Programmes (1/04/15 - 31/3/16)	n/a	n/a	n/a	n/a	64,175	12,534	67,610	144,319
Mr. DH Michael Director of Corporate Resources (1/04/15 -31/3/17)	69,322	4,231	26,460	100,013	64,175	8,166	61,860	134,201
Mr P ap Llwyd - Director Collection and Public Programmes (1/04/16 - 31/3/17) Secretariat (1/4/15 - 31/3/16)	69,322	4,170	77,740	151,232	57,273	1,552	40,250	99,075

The pension entitlements of the Library's senior staff with responsibility for running policy-making departments are disclosed as follows:-

	Cash Equivalent Transfer Value at 31/3/16	Total Accrued Pension at 31/3/17	Lump Sum at 31/3/17	Cash Equivalent Transfer Value at 31/3/17	Increase in accrued pension net of inflation	Increase in lump sum net of inflation	Increase (Decrease) in transfer value net of inflation
	£	£	£	£	£	£	£
Ms L Tomos Librarian	10,180	1,590	4,770	36,290	1,130	3,380	26,010
Mr DH Michael Director of Corporate Resources	370,650	19,860	59,580	461,260	1,150	3,460	86,900
Mr P ap Llwyd - Director Collection and Public Programmes (previously Secretariat)	244,320	13,590	40,770	361,160	3,380	10,140	114,400

**(d) Gifts Register**

The Library also operates a gifts register. No items noted during the year are considered of material interest to these financial statements.

**9. STAFF NUMBERS**

The average monthly head count was 249 (2016: 265) and the average full time equivalent staff employed by the Library (including casual and part-time staff) during the year were as follows:

Staff Numbers	2016/17	2015/16
Fundraising trading	11.6	11.8
Collection	44.9	48.4
Giving Access and Information	38.7	45.4
Publicising and Interpretation	31.4	33.9
Conservation & Preservation	87.4	90.8
Governance	9.4	11.9
<b>Total</b>	<b>223.4</b>	<b>242.2</b>

The Board do not receive any emoluments. The total amount of travel, subsistence, and hospitality expended by the Library for its Board and committee members was £7,823 (2015/16 £5,014) this was claimed by 11 members (2015/16: 10 members).

**10 TANGIBLE FIXED ASSETS**

	Freehold Land & Buildings	Plant, Fittings & Equipment	Motor Vehicles	Digital development and computer equipment	Total
	£000	£000	£000	£000	£000
<b>Cost &amp; Valuation</b>					
At 1 April 2016	65,929	3,139	13	5,740	74,821
Additions	348	131	-	417	896
Disposals	-	(84)	-	-	(84)
Revaluation	(9,014)	-	-	-	(9,014)
Indexation	-	19	-	73	92
At 31 March 2017	57,263	3,205	13	6,230	66,711
<b>Depreciation</b>					
At 1 April 2016	720	2,624	13	3,455	6,812
Charged for the year	676	108	-	513	1,297
Disposals	-	(77)	-	-	(77)
Revaluation	(1,386)	-	-	-	(1,386)
Indexation	-	8	-	26	34
At 31 March 2017	10	2,663	13	3,994	6,680
<b>Net Book Value</b>					
At 31 March 2017	57,253	542	-	2,236	60,031
At 31 March 2016	65,209	515	-	2,285	68,009

The Library received a valuation as at 31<sup>st</sup> of March 2017 on the Library's freehold buildings and land by Cooke and Arkwright, Chartered Surveyors. Their valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. Buildings have been valued on the basis of "open market value" or "depreciated replacement cost", and land is shown at "existing use value". The value of the buildings had been indexed according to the BCIS All-In TPI, and the decrease in land and building valuation reflected reverting to the 2015 valuation as the buildings had not appreciated in line with the index. Equipment has been valued on the basis of the cost to the Library and indexed according to CPI.

All tangible assets were used for the furtherance of the charitable activities of the Library.

No salaries were capitalised in the year. (2015-16; capitalisation of time spent by 50 members of staff amounting to £97,317 relating to the move of the Royal Commission).

## 11. INVESTMENTS

	2016/17	2015/16
	£000	£000
Market Value at 1 April	7,687	7,589
Acquisitions at Cost	3,583	1,527
Less: Disposal Proceeds and Maturity of Investments	(3,255)	(1,203)
Gain on Disposal	400	155
Unrealised gain/(loss) on revaluation	775	(381)
<b>Market Value at 31 March</b>	<b>9,190</b>	<b>7,687</b>
Cash held for investment	867	991
	<b>10,057</b>	<b>8,678</b>

The historic cost of investments at 31 March 2017 was £8.39m (2015/16 £6.803m).

The assets were invested as follows: -

	Gilts, bonds, debentures & preference	Unit trusts, overseas equities, property & alternative assets	UK equities directly invested on UK stock market	Cash	Total
	£'000	£'000	£'000	£'000	£'000
No1	1,784	3,581	3,129	137	8,631
No2	440	78	178	730	1,426
	<b>2,224</b>	<b>3,659</b>	<b>3,307</b>	<b>867</b>	<b>10,057</b>

In deciding on the returns that the Library requires from its portfolio, and the balance between capital growth and income, the Library is prepared to accept that there will be risks attached to the investment of funds above that of simply placing cash on deposit. The Library is prepared to accept these provided that they are within acceptable levels.

The Library's appetite for risk could best be described as "moderate". The Library is willing to accept that in order to achieve higher returns risks must be taken, but the Trustees will also consider the Library's position as a charity largely funded from government grant and consequently the standards of stewardship that are implied. The risks of investment will therefore be tempered by:

- **Asset allocation** – an asset allocation strategy that does not overly expose the funds to variances in on particular sector of the investment spectrum – i.e. a balance will be struck between the amount of bonds, equities, cash and other investments including property, and UK and non-UK investments.
- **Quality of investments** – the Library will only consider high quality investments such as gilts and investment grade bonds, or FTSE 350 equities and collectives.

## 12. Heritage Assets

Purchases for the Heritage Assets are capitalised at historic cost.

### Acquired or donated during the year:

	Books	Subscription	Pictures Manuscripts & Maps	Others	Digital Collections	NSSAW	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 01/04/16	1,789	2,599	10,428	380	4,370	319	19,885
Additions	34	53	126	-	-	5	218
Donations	4	-	123	-	-	4	131
At 31/03/17	1,827	2,652	10,677	380	4,370	328	20,234

### Five Year financial summary of additions:

	2016/17 £000	2015/16 £000	2014/15 £000	2013/14 £000	2012/13 £000
Books	38	63	81	38	34
Subscription	53	109	63	106	98
Pictures, Manuscripts & Maps	249	249	137	192	673
Digital Collection	-	-	194	300	547
NSSAW	9	29	6	8	7
Total Additions	349	450	481	644	1,359

The Library has an agreed policy for the acquisition, preservation and management of heritage assets. A copy of the agreed policy is available from the Director of Collection & Public Programmes. The Library does not loan items to users, but collections are accessible in the reading rooms and exhibition spaces in the building, as well as on-line.

No salaries were capitalised in the period.

The Library (since 1911) has the right to receive a copy of all books, magazines, newspapers and other printed material published in the UK and Ireland. It mainly collects material of Welsh and Celtic interest. Its collections currently include:

- **Printed material:** ranging from *Yny Ihyvyr hwnn*, the first Welsh-language book (printed in 1546) to programmes of local events, such as concerts and shows. There are over 6 million printed volumes in total.
- **Manuscripts and archives:** including priceless items from the Middle Ages, such as the Book of Llandaf, the Hengwrt Chaucer manuscript, The Black Book of Carmarthen as well as the recent acquisition of 'Laws of Hywel Dda'. Also documentary sources from the Middle Ages to the present day, such as records relating to churches and chapels in Wales including Parish Records and wills. It also receives theses from the universities of Wales, archives of public bodies, and personal papers of famous Welsh people from all walks of

life. There are over 30,000 volumes of manuscripts, 4 million archival documents and 50 art treasures in the Library.

- **Maps:** Both antiquarian and modern and atlases, Ordnance survey maps, sea charts, maps of farms, estates and tithe maps, railway and public utility plans. In total there are over 1.5 million maps in the Library.
- **Pictures:** portraying people and places in Wales including, paintings, prints, engravings and other pictures. These collections include over 60,000 pictures and 4,000 framed works of art.
- **Photographs:** from the earliest Welsh photograph, a daguerreotype of Margam Castle, taken in 1841, to the works of Mary Dillwyn, John Thomas, D.C. Harries and Geoff Charles. The Library houses around 950,000 photographs altogether.
- **Electronic resources and digital images:** New and created mainly by the Library the collections include over 5million images.
- **The National Screen and Sound Archive of Wales** houses 250,000 hours of sound recordings, 300,000 hours of moving images, 7million foot of film, 200,000 items from the ITV film and TV archive and 15km unique archive. There are television and radio broadcasts, sound and amateur film recordings, records cassettes and CDs, films and commercial videos.

### 13 DEBTORS – due within one year

	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
	£000	£000
Trade Debtors	93	47
VAT repayment due	264	447
Prepayments *	746	699
Other Debtors & Accrued Income	42	159
Private Funds Accrued Income	37	36
	<b>1,182</b>	<b>1,388</b>

\*includes £400k (2015/16: £250K) prepayment to the Pension Scheme

**14 (a) CREDITORS - Falling due within one year**

	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
	£000	£000
Trade Creditors	129	166
Accruals and deferred income	204	325
Invest to Save *	25	25
Private Funds deferred income	53	78
Holiday pay accrual	146	125
	<b>557</b>	<b>719</b>

\* Invest to Save loan for £75,000 was received in 2015-16 to fund photovoltaics which will generate a reduction in the electricity cost. This loan will be repaid over 3 years - £25,000 per annum reduction in Grant in Aid due.

**14 (b) CREDITORS - Falling due after more than one year**

	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
	£000	£000
Invest to Save *	25	50
	<b>25</b>	<b>50</b>

\*Invest to Save funding of £75,000 was received which is repayable over 3 years. The funding was provided to fund the purchase of photovoltaics which will generate saving in electricity costs.



## 15 ANALYSIS OF CHARITABLE FUNDS

## a. Analysis of movements in funds

	At 1 April 2016	Incoming Resources	Resources Expended	Other Movements In Year	At 31 March 2017
	£000	£000	£000	£000	£000
<b>PUBLIC FUNDS</b>					
Unrestricted – Public Pension	(7,410)	-	(540)	(1,120)	(9,070)
Unrestricted	109	9,940	(9,939)	-	110
<b>Restricted: -</b>					
Capital	48,047	594	(1,297)	(7)	47,337
Revaluation Reserve*	26,863	-	-	(7,570)	19,293
Libraries Inspire	-	239	(239)	-	-
ARCW	-	122	(122)	-	-
People's Collection Wales	-	151	(140)	-	11
Cynefin	13	135	(134)	-	14
The Great War	9	115	(90)	(5)	29
Wales at War	1	65	(65)	(1)	-
First World War Commemoration	-	20	(20)	-	-
Unlocking Film Heritage – BFI	-	75	(75)	-	-
Wikipops	-	20	(20)	-	-
Culture Meets Business & Other	7	13	(1)	46	65
Purchase & Digital Development Grant	7,752	305	-	-	8,057
	75,391	11,794	(12,682)	(8,657)	65,846
<b>PRIVATE FUNDS</b>					
Unrestricted	7,880	230	(39)	1,798	9,869
<b>Restricted</b>					
Collection fund	6,968	131	-	(2)	7,097
<b>Invested restricted private reserves</b>					
D M Phillips	686	19	(3)	(702)	-
W Elwyn Davies	18	1	-	2	21
Lady Parry-Williams	34	1	-	4	39
Noel Jarman	60	2	-	7	69
Gwyneth Lloyd	2	-	-	-	2
Purchase grant	-	2	-	-	2
Foyle Foundation	-	50	-	8	58
Eluned Gymraes Davies	-	22	(22)	1	1
Scottish Power	-	3	(22)	19	-
Total Private Funds	15,648	461	(86)	1,135	17,158
<b>TOTAL</b>	<b>91,039</b>	<b>12,255</b>	<b>(12,768)</b>	<b>(7,522)</b>	<b>83,004</b>

\*Revaluation reserve has been calculated based on the revaluation to assets since 1999 in line with FRS102 requirement for separate identification of revaluation reserve. Revaluations prior to 1999 are not included in this reserve.

Other movements in the year (£7,522K) include

- Profit / (Loss) on sale of investment and fixed assets – £393K
- Pension finance cost – (£240K)
- Unrealised gains / (Losses) on investment – £775K
- Tangible Fixed Asset Revaluation and Indexation – (£7,570K)
- Actuarial (losses) - (£880K)

**b. PRIVATE FUNDS (including collections)**

	Unrestricted	Restricted	Collection	Total	Total
	£000	£000	£'000	2016/17 £000	2015/16 £000
<b>Income</b>					
Donations and Bequests	11	75	131	217	585
Grants received	-	3	-	3	21
Interest Receivable	219	22	-	241	217
<b>Total</b>	<b>230</b>	<b>100</b>	<b>131</b>	<b>461</b>	<b>823</b>
<b>Resources Expended</b>					
Costs of raising funds	33	3	-	36	35
Marketing, exhibitions, education	6	44	-	50	62
(Profit) / loss on sale of investments	(363)	(37)	-	(400)	(155)
<b>Total</b>	<b>(324)</b>	<b>10</b>	<b>-</b>	<b>(314)</b>	<b>(58)</b>
<b>Net Incoming/ (Outgoing) Resources</b>	<b>554</b>	<b>90</b>	<b>131</b>	<b>775</b>	<b>881</b>
Transfers	699	*(737)	(2)	(40)	(36)
Unrealised gain/ (loss) on investments	1,253	(647)	129	735	845
	736	39	-	775	(381)
<b>Net movement in private funds during the year</b>	<b>1,989</b>	<b>(608)</b>	<b>129</b>	<b>1,510</b>	<b>464</b>
Brought forward at 1 April	7,880	800	6,968	15,648	15,184
<b>Carried Forward at 31 March</b>	<b>9,869</b>	<b>192</b>	<b>7,097</b>	<b>17,158</b>	<b>15,648</b>

\* Transfers from restricted to unrestricted include a transfer from D M Phillips Trust which has been reclassified after consultation with our legal advisors, as there were no specific restrictions on the legacy.

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted public £'000	Restricted public £'000	Unrestricted private £'000	Restricted public £'000	Total £'000
Tangible Fixed Assets	-	74,806	8,227	7,289	90,322
Cash at bank and in hand	(559)	-	1,667	-	1,108
Other net current assets/ (liabilities)	694	-	(25)	-	669
Creditors of more than one year	(9,095)	-	-	-	(9,095)
<b>Total</b>	<b>(8,960)</b>	<b>74,806</b>	<b>9,869</b>	<b>7,289</b>	<b>83,004</b>

**17. RECONCILIATION OF NET INCOME/ (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016/17 £000	2015/16 £000
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	(360)	17
Less: Profit on sale of investment/ fixed asset	(393)	(155)
Add back: FRS102 Interest Pension Adjustment	240	170
Add back: Depreciation charges	1,297	994
(Increase)/ Decrease in stock	8	2
Asset donations (non-cash)	(131)	(147)
Decrease/(Increase) in debtors	207	456
(Decrease)/Increase in creditors	(187)	(1,105)
Pension current service cost adjustment	540	520
<b>Net cash flow from operating activities</b>	<b>1,221</b>	<b>752</b>

**18. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS**

	2016/17 £000	2015/16 £000
Cash in hand	1,134	1,207
Notice deposits (less than 3 months)	867	990
Overdraft facility repayable on demand	(26)	(1)
<b>Net Funds at 31 March</b>	<b>1,975</b>	<b>2,196</b>

## 19. RELATED PARTY TRANSACTIONS

The Welsh Government is regarded as a related party. During the year the Library received funding from the Government in the form of Grant in Aid, Purchase, Capital and Project Grants as disclosed in note 2. The Library paid the following sums to Welsh Government: -

- Interest reimbursed – £2,614 (2016 - £8,529)
- Cost of recruitment of trustees – £3,259 (2016 - £3,866)

Mr Huw Williams, a Board member, is a partner at Geldards LLP who one of the Library's nominated legal advisors. Payments totalling £21,662 (2016: £69,947) were made to Geldards LLP during 2016/17 in respect of services rendered.

Mr Robert Gray, who was an independent member of the Library's Audit Committee until October 2015, is principal of Francis Gray, who assisted the Library with its 2014/15 year end accounts received payments amounted to £nil in 2016/17 (2015/16: £8,537).

Transactions and balances with the pension scheme are disclosed in Note 8 and Note 13.

At 31 March 2017, the Library had consolidated debtors and creditors with other Government financed bodies as follows:

	Debtors £000	Creditors: due in 1 year £000	Creditors: more than 1 year £'000
Central Government bodies	20	25	25
Local Government bodies	-	3	-
Non-Government Bodies	1,162	529	-
<b>Total</b>	<b>1,182</b>	<b>557</b>	<b>25</b>

## 20. FINANCIAL INSTRUMENTS – RISK DISCLOSURE

The balance sheet shows the bank in both current assets and current liabilities. The cash book position shows one account as being overdrawn by £0.026m whereas the other accounts have £1.1m (2015/16: £1.2m) in hand. The Library did not have an overdrawn bank account at the year end, and the cashbook position uncleared cheques and deposits that had yet to be processed by the Bank.

The Library has no borrowings and relies primarily on departmental grants for its cash requirements and is therefore not exposed to liquidity risks. The only material deposit is disclosed in note 11, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk. In 2016/17, £10.838m or 88% of the Library's consolidated income derived from the Welsh Government (2015/16 £11.618m or 86%). The balance, £1.41m or 12% (2015/16 £1.833 or 14%) is derived from income on the Library's private funds (note 15b), from trading activities (note 4) and grants from other bodies as disclosed in Note 3 to these accounts.

The Library has exposure to market risk and this is managed through portfolio diversification as well as setting the risk appetite and investment objectives to be used by the Fund Manager.

## 21. LEASES

The Library made no lease payments during the year or the previous year.

## 22. PENSION COSTS

The Library operates a defined benefit scheme with benefits accruing at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. The latest full actuarial valuation was at 31 March 2016 and it was assessed that the Scheme was 99% funded, with a deficit of £370,000.

In the year ended 31 March 2017, the Library made contributions into the Scheme at a rate of 26.6% of pensionable salaries and this rate will continued to be applied in 2017/18 until agreement has been made on the future contribution rate which is likely to be 27.2% of pensionable salaries. Expected employer contributions for 2017/18 are £1.5 million.

### (a) Development of the Net Balance Sheet Position

	31 March 2017	31 March 2016
	£m	£m
Fair value of assets (22b)	68.31	56.47
Actuarial value of scheme liabilities (22c)	77.38	63.88
Pension (liability) recognised in balance sheet	(9.07)	(7.41)

### (b) Changes in the fair value of plan assets

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£m	£m
Scheme assets at beginning of year	56.47	56.90
Benefit paid from plan assets	(2.01)	(2.17)
Employer contributions	1.51	1.59
Members' contributions	-	-
Administrative costs	(0.12)	(0.10)
Interest income on Scheme Assets	2.02	2.01
Return on scheme assets greater/(less) than discount rate	10.44	(1.76)
<b>Scheme assets at end of year – 22a</b>	<b>68.31</b>	<b>56.47</b>

### (c) Analysis of changes in the Defined Benefit Obligations (DBO)

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£m	£m
Scheme liabilities at beginning of year	63.88	62.55
Interest cost on the DBO	2.26	2.18
Effect of employee services in the current period	1.93	2.01
Member contributions	-	-
Benefit paid from plan assets	(2.01)	(2.17)
Remeasurement on the DBO/ change of assumptions	11.32	(0.69)
<b>Scheme liabilities at end of year – 22a</b>	<b>77.38</b>	<b>63.88</b>

**(d) Amounts charged to SOFA (Total expenditure)**

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£m	£m
Effect of employee services in the current period	1.93	2.01
Net interest on net defined benefit liability/ (asset)	0.24	0.17
Defined benefit cost recognised in P&L	2.17	2.18
Administration costs during the period	0.12	0.1
Cost of termination benefits	-	-
<b>Total cost recognised in SOFA</b>	<b>2.29</b>	<b>2.28</b>

**(e) Actuarial Gains/(Losses) charged to the Statement of Financial Activities:**

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£m	£m
Return on scheme assets (greater)/ less than discount rate – 22b	(10.44)	1.76
Actuarial (gain)/ loss arising during period – 22c	11.32	(0.69)
<b>Total actuarial (gain) loss recognised in reserves</b>	<b>0.88</b>	<b>1.07</b>

**(f) Total defined benefit cost**

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£m	£m
Total cost recognised in SOFA – 22(d)	2.29	2.28
Remeasurement effect recognised in reserves 22(e)	0.88	1.07
<b>Defined benefit cost</b>	<b>3.17</b>	<b>3.35</b>

**(g) Reconciliation of Net Balance Sheet Position**

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£m	£m
Net defined (liability) at beginning of year	(7.41)	(5.65)
Effect of employee services in the current period (22c)	(1.93)	(2.01)
Net interest on net defined benefit liability/ (asset)	(0.24)	(0.17)
Remeasurement effect recognised in reserves 22(e)	(0.88)	(1.07)
Employer contributions 22b	1.51	1.59
Administrative costs 22b	(0.12)	(0.10)
<b>Scheme liabilities at end of year – 22a</b>	<b>(9.07)</b>	<b>(7.41)</b>

**(h) Market value of Assets and Percentage of Total Scheme Assets**

	31 March 2017		31 March 2016	
	£m	%	£m	%
Equities	24.7	36.1	19.5	34.6
Bonds	37.3	54.4	31.0	54.8
Property	6.5	9.5	6.0	10.6
<b>Total value of assets</b>	<b>68.5</b>		<b>56.5</b>	

**(i) Financial Assumptions**

The financial assumptions made in order to calculate the FRS102 disclosure requirements are as follows:

	31 March 2017	31 March 2016
	%per annum	%per annum
Price Inflation	2.55	2.2
Rate of Salary Increase	2.55	3.7
Rate of increase of pensions in payment*	2.55	2.2
Rate of increase for deferred pensioners	2.55	2.2
Discount rate**	2.80	3.6

\* in excess of any Guaranteed Minimum Pension (GMP) element

\*\* prescribed by HM Treasury

The discount rate used for FRS102 disclosures is different to that used by the Actuary for the most recent financial assessment of the Scheme at 31 March 2016. The requirement to use the Treasury's discount rate for the FRS102 disclosure will result in the financial position of the Scheme being assessed differently under this measure in comparison to the method used in the formal actuarial valuation of the Scheme.