

THE NATIONAL LIBRARY OF WALES

ANNUAL ACCOUNTS 2014/2015

TRUSTEES' ANNUAL REPORT

This Annual Report incorporates the Management Commentary, the Remuneration Report and Governance Statement.

Statutory Background

The National Library of Wales was founded by Royal Charter of Incorporation granted 19 March 1907 (and Supplemental Charter with further provisions for constitution and government on 5 September 1911). Further Supplemental Charters were granted on 27 April 1978 and 19 July 2006. During 2014/2015 it was funded predominantly from Government grants provided from the Welsh Government. These accounts have been prepared in accordance with the Direction made by ministers of the Welsh Government with the approval of the Treasury under Section 9(4) of the Museums and Galleries Act 1992. A copy of the Direction is available from the Director of Corporate Services.

The Library is one of six legal deposit libraries in the United Kingdom and Ireland. It has been approved as a repository for manorial records by the Master of the Rolls in 1926; for the Archives of the Church in Wales, deposited in 1934, and the Records of the Church in Wales deposited in 1944. By direction of the Probate Division the Ecclesiastical Probate Records were transferred to the Library in 1945. In 1960 it was appointed a repository for certain records under the Public Records Act 1958. Schedule 4 to the Government of Wales Act 1998 as amended by the Government of Wales Act 2006 names the National Library of Wales as a body that may only gain functions and only with consent.

Primary Objective

The Library's primary objective 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. (Royal Charter 2006, paragraph 4.)

Charity

The Library is a registered charity, charity No 525775, VAT No 905190437, under the name of the National Library of Wales. The address is 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.

Core Functions

The operations of the Library are characterised by continuing programmes of work rather than by short-term projects. The following core functions represent the fundamental work the Library must carry out if it is to fulfil its Charter. They therefore constitute the essential and ongoing business of the Library. It is not envisaged that these core functions will change:

1. provide an effective and timely service to near and remote users by delivery and enquiry services and by the provision of automated and manual catalogues and hand-lists,
2. collect materials by legal deposit, purchase, donation, bequest, exchange, and deposit, according to defined collection development policies drawn up in accordance with the terms of the Charter, and
3. process and store materials acquired,
4. preserve and conserve materials in the collections,
5. interpret and publicise the collections by means of guides, publications, printed and online bibliographies, exhibitions, lectures and any other appropriate means, and produce and maintain the national bibliographies,
6. provide expert and professional input and collaboration at a Welsh, UK, and international level.

These core functions are supported by appropriate management structures, effective financial controls, and staff training and development programmes.

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 incoming resources for the financial year were £2.776m (2013/14: £3.074m). The Library's incoming resources totalled £18.297m (2013/14 £16.704m) and total resources expended were £15.521m (2013/14 £13.630m). Fund balances at 31 March 2015 stood at £88.624m (31 March 2014 £84.928m). Invest to Save Funding of £0.5M received during 2014/15 was not recognised in the incoming resources, but it is recognised on the Balance Sheet in cash and creditors.

The Library's performance for 2014/15 against its targets was reported to the Welsh Government as follows:

	Target	Actual
1 Number of remote network users during the year	800,000	1,091,797
2 Visitor numbers	87,000	79,545
3 Number of participants in Library activities	12,000	17,531
4 Visitor satisfaction with general atmosphere	95%	95%
5 Usage of reading rooms	25,000	24,049

These are set out with supporting comments in the Library's Annual Report.

Review of Activities

The organisation's principal activities relate to its objects as defined above. Development of activities is reported upon in the Annual Report of which these Annual Accounts form a part.

Financial Review

The Library's strategic objectives are set out in its Corporate Plan entitled "Knowledge for All". The Plan draws on the Objects that are set out in the Royal Charters and also sets out how the Library will continue to develop in a rapidly changing digital environment.

The Library's principal source of funds is grant-in-aid from the Welsh Government and the Library's financial management must conform to the terms set out in the "Management Statement and Financial Memorandum" (MSFM). Grant-in-aid for running costs is credited to Public Unrestricted funds and for capital and collections purchase grant to Public Restricted funds. The Library generates significant income through its trading activities including its shop, restaurant and photocopying services. The Library's private funds are used from time to time to supplement grant-in-aid and may provide additional resources for collections purchases and running costs. During the year the Library has sought contributions from trusts, funds, donations and legacies from individuals.

The Library's principal activities to which costs are charged in the Statement of Financial activities are:

- Voluntary income
- Fundraising trading
- Collection and preservation
- Marketing, exhibitions and education
- Conservation, and
- Governance

Costs are allocated using an apportionment system that allocates direct and indirect costs to each of the areas above. Of the total resources expended of £15.521m, the most significant areas are Marketing, Exhibitions and Education (£5.442m) and Collection and Preservation (£4.338m).

Charities Statement of Recommended Practice

The Charity Commissioners issued a Statement of Recommended Practice (SORP) for charities in October 1995 which was updated by the Charities SORP 2005. The Library has complied with the SORP since the 1996/97 accounts.

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 2012 and this was updated in an interim valuation at 31 March 2015. Equipment was re-valued as at 31 March 2012 in accordance with Treasury regulations and current cost accounting directions to public bodies. 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 or, as was the case in 2014/15, where substantial changes in asset values may have happened, a valuation may be requested at an interim period.

Tangible Assets and Heritage Assets

The most significant building project undertaken during the year was the Third Library Building Offices fire repair work. This also included the reinstatement of the Tan y Bwlch server room on the ground floor

In accordance with the requirements of the Charities SORP 2005, since 1st April 2001 the Library has been required to record the value of Heritage Assets purchased in the balance sheet. These assets are considered to fall within the definition of historic or inalienable assets and are not depreciated or re-valued.

Future Developments

The Library has prepared its corporate plan, which is entitled “Knowledge for All”. This document identifies the five main strategic priorities for the Library going forward from 2014-2017, which are:

- Access
- Expertise
- Sustainability
- Collaboration
- Forward thinking

The operational plan sets out a number of key objectives for 2014-2017:

- To lead a national debate on the potential for establishing a National Archive of Wales
- To proactively develop commercial opportunities and investigate new income streams
- To develop a Community Partnership Programme with other in the public sector and contribute to international research
- To Develop the Conservation and Digital Preservation Service for Wales“ Documentary Heritage Project

Employment of Disabled People

The National Library of Wales 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.

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 2014/15, 98.4% of the invoices received were paid within 30 days (2013/14 – 98.4%).

Consultation with Employees

The National Library of Wales communicates information to staff by various methods including staff meetings, team briefing sessions, open memoranda, memoranda to Heads of Departments, and consultation and negotiation with the Whitley Council and with the Trade Unions.

Board Members

A supplemental Royal Charter was granted by H.M. Queen Elizabeth in Privy Council on 19th July 2006. This resulted in changes to the governance structure of the Library.

The new Supplemental Charter abolished the Court and renamed the executive body as being “the Board of Trustees of the Library”. It made a change in the number of members comprising the Board (reducing from 21 to 15) and the mode of appointment (increasing the number of appointments made by the Welsh Government from 3 to 8, including the President and Vice-President, and reducing appointments to be made by the Library itself to 7). Any remaining powers and duties of the former Court are to be undertaken by the Board.

Members of the Board do not receive any emoluments and the Library depends upon them to attend meetings and other events in a voluntary capacity (although the 2006 Supplemental Charter gives a power of payment, subject to the authorisation of the Charity Commission). All Board members are afforded the opportunity to receive appropriate induction and other training.

Organisational Structure

The Librarian is the Accounting Officer designated by the Welsh Government. He is assisted in his duties by the Executive Team whose details are disclosed in note 6.

The Library has one sub-committee of the Board which is the Audit Committee. This committee considers matters relating to external audit, internal audit, risk management and financial controls and the minutes are laid before the Board for approval.

Sustainability

During January 2014 the Library was assessed under the BS 8555 Environmental Management Standard and retained the level 3 accreditation. The Library has an Aspects Register that has identified the main Environmental Impacts and these are noted as being energy, paper, water, waste and transport.

The Library's ability to improve its environmental performance is limited by the severe reductions in funding received from the Welsh Government. The basic capital grant of £0.55m is inadequate in relation to the size and complexity of the Library's operations.

Figures have been re-evaluated since last year's report using the latest conversion factors and in line with current guidance.

Energy

Greenhouse Gas Emissions Energy Use		2012-13	2013-14	2014-15
Non-Financial Indicators (1,000 tCO ₂ e)	Total Gross Emissions	1,895	1,718	1,720
	Total Net Emissions	1,895	1,718	1,720
	Gross Emissions Scope 1 (direct)	627	575	579
	Gross Emissions Scope 2 (Indirect)	1,175	1,053	1,051
	Gross Emissions Scope 3 (Indirect)	93	90	90
Related Energy Consumption (KWh)	Electricity: Non-renewable	2,554,876	2,364,472	2,358,799
	Electricity: Renewable	Nil	Nil	Nil
	Gas	3,385,455	3,124,612	3,148,131
	LPG	Nil	Nil	Nil
	Other	Nil	Nil	Nil
Financial Indicators (£)	Gas	£110,319	£97,368	£87,593
	Electricity	£242,869	£249,641	£254,366
	Total Net Expenditure on Energy	£353,188	£347,009	£341,960
	CRC License Expenditure (2010 onwards)	Nil	Nil	Nil
	Expenditure on accredited offsets (e.g. GCOF)	Nil	Nil	Nil
	Expenditure on official business travel	n/a	£87,805	£71,432

Note on Energy:

Costs are total for the site including energy supplied to adjacent building however consumptions are only for NLW buildings.

Transport is largely indirect from staff travelling to work and visitors to the Library and is not included in travel figures. The Library has made steps to address travel and the regular bus service from town to both the Library and University is now well established. A survey of staff travel has been undertaken and discussions are ongoing with TRACC to encourage different travel options. The Library operates a cycle purchase scheme and encourages staff to cycle and has provided additional lockers for staff to enable them to shower and change after cycling to work.

The Library has been collecting data from the AMR (Automatic Meter Reading system) for 30 months and we will analyse the data in order to identify the areas of energy use to enable targeting to achieve reductions. A Carbon Reduction Plan has been developed 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.

Waste

Waste		2012-13	2013-14	2014-15	
Non-Financial	Total Waste	Tonnes 17.6	Tonnes 37.7	Tonnes 34.8	
Indicators (tonnes)	Hazardous Waste	Total	N/A	15.1 Waste from fire damage	
	Non-Hazardous	Landfill	7.8	7.1	
		Landfill Skips	Not recorded	5.5	
		Reused/Recycled	7.2	7.7	
		Composted On Site	2.6	Nil	
		Composted Off Site	Inc	2.3	
		Incinerated with energy recovery	Nil	Nil	
		Incinerated without energy recovery	Nil	Nil	
		Incinerated without energy recovery	Nil	Nil	
Financial	Total Disposal Cost (Excl Fire Waste)		£2,198	£1,933	£2,858
Indicators (£)	Hazardous Waste		N/A	N/A Contractor	N/A
	Non-Hazardous	Landfill	£1,740	£1,804	£2,570
	Waste	Reused/ Recycled	N/A	£6	£24.50
		Composted On Site	£458	Nil	Nil
		Composted Off Site	Nil	£123	£264
		Incinerated with energy recovery	Nil	Nil	Nil
		Incinerated without energy recovery	Nil	Nil	Nil
		Incinerated without energy recovery	Nil	Nil	Nil

Note on waste:

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

Water

Water Consumption		2012-13	2013-14	2014-15	
Non-Financial Indicators (m³)	Water Consumption (Office Estate)	Supplied	6,048	6,539	7,698
		Abstracted	Nil	Nil	Nil
		Per FTE	21.37	23.44	27.69
	Water Consumption (Non-Office Estate)	Supplied	Nil	Nil	Nil
Abstracted		Nil	Nil	Nil	
Financial Indicators (£k)	Water Supply Costs (Office Estate)		£19,952	£21,909	£25,718
	Water Supply Costs (Non Office Estate)		Nil	Nil	Nil

Note on water

Water consumption in 2014/15 was in line with previous years until the final quarter when usage increased significantly. The causes were investigated and found to be caused by leaking water systems which were then repaired. The fire in April 2013 had an effect on water usage that is estimated as being in the order of 300 m³ partially accounting for the higher water use in 2013/14; there is also an increased use of the showers which is likely to be due to an increase in staff cycling to work. New sensor taps have been fitted in the main public toilets in an attempt to reduce consumption.

Transport/Travel

Transport/Travel		2012-13	2013-14	2014-15
Non-Financial Indicators	Transport Scope 1 (Library Van)	11,810 Miles	12,841 Miles	13,816 Miles
		11.2 tonnes	12.2 tonnes	13.1 tonnes
	Transport Scope 3 (Car, Train, Bus & Plane)	N/A	72.9 tonnes	53.5 tonnes
Financial Indicators (£)	Transport Scope 1 (Library Van)	£3,402	£4,010	£5,320
	Transport Scope 3 (Car, Train, Bus & Plane)	N/A	£83,794	£66,113

Other

		2013-14 Reams (A4 equivalent)	2014-15 Reams (A4 equivalent)
Paper used by Staff	Printing paper used for office functions by staff	2137	1,064
Paper used by visitors/readers	Printing paper used by visitor/reads for personal copies	355	238
Other Paper/Card	Paper and card used in Library for promotional and exhibition use	62	151
Total paper used		2,554	1,453

Remuneration Report

The Library remunerates its entire staff under an agreed pay and grading system designed and introduced specifically to ensure fair and equitable treatment. The current system was developed in-house by the Finance Department and was approved by the Library's Executive Team and agreed with the staff unions through the collective bargaining arrangements.

All staff are covered by this system with the exception of the Chief Executive and Librarian (whose terms of appointment are agreed with the Welsh Government). An independent appeals process is in place to consider grading issues. Each year the Library, in consultation with the staff unions, considers the Library's 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 annual unconsolidated bonus. His 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. In considering the amount of his pay award the performance of the Chief Executive and Librarian is compared against a set of pre-determined objectives and this evaluation of performance is considered by the officers. A percentage of the award is consolidated into his annual salary, and the balance of the award, up to a maximum of 10%, is paid as an unconsolidated annual payment.

The Chief Executive and Librarian has a permanent 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. The 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 20 and further details of the remuneration and pension benefits are shown in Note 6 (b) 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.

Charity Reserves Policy

The Charity SORP 2005 requires the Library to disclose its policy on Charity Reserves. The function of the policy is set out in note 1(g) to the accounts.

The Library's reserves policy for its Public Funds is to conform to the requirements of the Welsh Government's MSFM which sets out the financial framework under which

the Library is required to operate. The main requirement of the MSFM in relation to reserves is that only 2% of gross Grant-in-Aid can be held as cash balances, although this was relaxed to represent £4.2m during the year for balances at 31 March 2015.

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 the acquisition of capital assets including equipment, buildings and computer hardware and software

The Library's private restricted funds can only be used in accordance with any stipulated terms of each specific bequest.

Investment Policy

In the 2014/15 financial year the Library's investment policy has been to maintain a portfolio that is 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 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 2014/15 a return of 8.57% was achieved against a benchmark of 10.22% (2013/14 6.56% against benchmark of 4.5%).

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 Library's Board. At 31st March 2015 the market value of the investments and cash was £8.361m (£6.273m at 31 March 2014).

Projects

The Library has obtained additional funds in order to undertake several major projects:

Digitisation for Business (known as DigiDo) is a project to support Welsh businesses located in the Convergence region of Wales. Businesses are assisted to use the Library's digital collections to drive innovation and strengthen their local and global competitiveness through the development of new products or services.

As well as the Library's digital collections, the project provides tailored business information to address specific issues linked to digitisation for business improvement, providing higher-level specialist knowledge on a range of issues from copyright and licensing, through to digital capture, digital storage and preservation to searching current resources.

The project runs regular information events at the Library to educate businesses on the vast digital collections that are available for them to exploit commercially. There has been a series of these events that have been successful in attracting a number of businesses. Further information events are in the pipeline. Marketing of the project is undertaken through the project website (www.digido.org.uk), Joint events are held with

organisations such as the Welsh Government, Inventorium and Software Alliance Wales, with presentation at Conferences such as the Digital Past 2013 in February 2013. The project focuses on two of the Welsh Government's priority sectors, ICT and Creative Industries, which includes businesses in TV and new media, professional family history/genealogists, publishers, design studios, craft industries for designs (e.g. pottery, textiles, etc.), artists, research and cultural heritage.

The project was officially launched in the Pierhead building, Cardiff Bay on March 13th 2013. Speakers at the launch were Angharad Mair (Tinopolis), Elena Gruffudd (Barddas), Meic Parry (BBC), Alun Davies (Deputy Minister for European Programmes) and Andrew Green (National Library of Wales).

The DigiDo project was completed in May 2015 with a total of £1.768m EU grant being received.

Cynefin

Mapping Wales's Sense of Place is a three year project to digitise and web-mount the tithe maps of Wales and the associated tithe apportionments to create an online map and a linked searchable dataset.

The project is run by a partnership led by the Archives and Records Council Wales (ARCW) and includes the National Library of Wales, People's Collection Wales, archive offices throughout Wales as well as communities and individual volunteers. The tithe maps will be available online through the National Library of Wales and the People's Collection Wales (PCW).

The outputs of the project also include six community based projects which take Tithe maps as a starting point to explore themes and subjects which are of importance to them and for which the community can take ownership. Additionally workshops will be organised to promote the involvement of communities throughout Wales in this project and the use of Tithe Maps.

The Cynefin project will run until 30th September 2016 with total funding of £573,909. Funding has been externally sourced from HLF, CyMAL and ARCW amounting to 95% of the total expected expenditure.

BFI Discovery Project

The BFI's Unlocking Film Heritage Digitisation Fund is working to make 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 all of the UK's screen heritage accessible to the public digitally.

By digitising our heritage we will ensure that the people of the UK, filmmakers, educationalists, researchers and other users can access and enjoy the full range of British filmmaking, regardless of where they live or where that film heritage is held. This unprecedented access will transform our understanding of the shape, history and diversity of film and TV in Britain.

The First World War Education Project (The Great War)

The First World War Education Project is producing learning materials that enable young people in Wales to understand how Wales and the world changed as a result of The First World War and the peace conferences. The aim of the project is to introduce these changes from a Welsh perspective using primary and secondary resources sourced mainly from Wales, developed in partnership with Amgueddfa Cymru-National Museum Wales.

The resources are cross-curricular, for both primary and secondary schools, and fully bilingual. 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 eBooks, PDF worksheets, lesson plans, film clips, individual items with interpretation and interactive NearPod lessons. We are using original items from the period from the collections of The National Library of Wales, Amgueddfa Cymru-National Museum Wales and the ITV Cymru / Wales Archive that include film and video, oral histories, photographs, newspapers, paintings, maps, letters, telegrams, and archival materials.

The project is funded through Welsh Government Department of Education and Skills.

Wales at War: Education and Outreach Around the War Memorials of Wales

The Wales at War project's aim is to develop a mobile/tablet app displaying the location of war memorials and graves. In addition a website and social media accounts will be created to support the app.

Wales at War will develop an inclusive activity for schoolchildren all around Wales that will enable them to develop biographies of the names of the War Memorials of Wales. We have been working in partnership with representatives from the armed services, and educators and schools in Wales. Funding for the project from the Armed Forces Covenant Fund, the Heritage Lottery Fund and the Welsh Government Department of Education and Skills. The project was launched at an event on HMS Westminster in Cardiff on June 27th 2014.

Going Concern

In its meeting on 21 February 2014 the Library's Board considered its financial strategy for the next 3 years. The Library would be required to cut the number of staff it employed in order to successfully address the serious projected cuts in its income. The financial strategy noted that, at some point during the 2015/16 financial year, the Board may have to consider whether the Library continued to be a going concern should it fail to cut expenditure accordingly. Consequently the Library has undertaken a series of voluntary severances with a total cost of £1.353M, of which £0.601m was incurred during the year and £0.752m was committed but not spent at the year end. The Library has identified that it needs to create further saving of £0.32m in its base budget in order that it can balance its budget. This process is being addressed through a series of detailed studies of particular areas of the library's business.

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.

Advisers

Bankers

National Westminster Bank,
Aberystwyth

Solicitors

Geldards LLP, Cardiff

Internal Auditors

Baker Tilly, Cardiff

Investment Brokers

Investec Wealth & Investment

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.

Aled Gruffydd Jones
CHIEF EXECUTIVE & LIBRARIAN

Colin R John
TREASURER

10 July 2015
The National Library of Wales
Aberystwyth SY23 3BU

10 July 2015

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. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he 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 he ought to have taken to make himself aware of any audit information and to establish that the auditors are aware of that information.

Statement of the Disclosure of Relevant Audit Information – Culturenet Cymru Ltd

So far as the directors are aware, there is no relevant audit information (as defined by Section 415 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Aled Gruffydd Jones
CHIEF EXECUTIVE & LIBRARIAN
10 July 2015

Endorsed on behalf of the Board by:

Colin R John
TREASURER
10 July 2015

GOVERNANCE STATEMENT

1. Constitution

The National Library of Wales („the Library“) was established by Royal Charter on the 19th March 1907. Supplemental Charters were given to the Library in 1911 and in 1978, which revised the constitution to some extent. On the 19th July 2006 a new Supplemental Charter was granted by the Queen. The Supplemental Charter 2006 dissolved the 1978 Supplemental Charter and changed the constitution and the governance of the Library significantly. In July 2013 the Board of Trustees passed a Special Resolution to amend and alter the Statutes of the Royal Charter in accordance with the provisions of Article 9 of the Charter. The Library is also a registered charity (registered number: 525775) and a Welsh Government Sponsored Body. A Framework Document drawn up by Welsh Government in 2010 and in consultation with the Library sets out the details of the terms and conditions under which the Welsh Ministers provide grant-in-aid to the Library.

2. Objective

The Library’s primary objective 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.* (Royal Charter 2006, paragraph 4.)

3. The Governance Framework

This Governance Statement forms part of the Library’s Governance Framework. A formal Governance Framework was adopted by the Board of Trustees in September 2013, together with an „Assurance Framework relating to Risk Management“. The Framework lays down the key responsibilities of the Board of Trustees and Executive Team of the National Library of Wales; the Board’s powers of delegation; the conduct expected of the Board; and proceedings of the Board.

4. How the Library is governed

4.1 Board of Trustees

The governing authority of the Library is the Board of Trustees which is responsible for governance, financial management and the assets of the organization. The Board of Trustees meets on a regular basis, in public, to conduct its business.

Trustees are appointed by the Welsh Government and the National Library of Wales, in numbers set out within the Royal Charter and in accordance with the principles of open selection as recommended by the Nolan Review. All new appointees follow an induction programme, supported by a comprehensive governance companion handbook, shortly after their appointment. Members are not remunerated.

The Library’s Board of Trustees consists of 15 trustees. Eight trustees are appointed by the Welsh Government and seven by the Library. The trustees include the three Officers of the Library - 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.

The relationship between the Library and the Welsh Government is regulated by a „Framework Document“ and monitored by the Library’s sponsor department in the Welsh Government, currently CyMAL: Museums, Archives and Library Wales. Regular meetings take place with the Welsh Minister with portfolio responsibility for the Library (currently the Deputy Minister for Culture, Sport and Tourism) and his officials.

The Library is also accountable to the National Assembly.

The Wales Audit Office is the Library’s auditor under the Libraries and Museums Act.

The current Trustees are:

Ministerial Appointees:

Lord Aberdare
Tricia Carter* (Vice President)

Roy Evans*
Sir Deian Hopkin (President)

Phil Cooper
Susan J. Davies

Enid Morgan
Huw Williams*

Library Appointees:

Colin R. John (Treasurer)*
Wyn Penri Jones* (Chair of Audit Committee)
Roy Roberts

Michael Trickey
Gareth Haulfryn Williams
D. Hugh Thomas

* Also Audit Committee Members

There is currently a vacancy on the Board following the death of Mr John Gittins in January 2015.

Trustees are required to act solely in the interest of the charity, not to act as representatives or delegates of particular sectors or constituencies or their appointor.

Although the Trustees are ultimately responsible for all that the Library does, the non-executive status of the Board means that in order for the Library to discharge its responsibilities appropriately and effectively, the day-to-day operational management is delegated to the Chief Executive and Librarian who is also the Library’s Chief Accounting Officer. A number of matters, however, remain reserved to the Board. 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;
- determining the overall strategic direction of the Library within resource limits;

- monitoring the performance of the Chief Executive and Librarian and his 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 all of the public, the Library's funders and regulator as well as its staff.

Members of the Executive Team as at 31 March were:

Chief Executive and Librarian and Accounting Officer

Aled Gruffydd Jones MA, PhD, FRHistS

Director of Corporate Service and Head of Finance

David H Michael CPFA, MCIPS

Director of Collection Services

Avril Jones BA, DipLib, AMInstLM

4.2 Audit Committee

4.2.1 Introduction

The Board has only one standing committee which is the Audit Committee. The scope of the Committee is defined in its Terms of Reference. It encompasses all the assurance needs of the Board of Trustees and Accounting Officer. Within this, the Audit Committee will have particular engagement with the work of Internal Audit and the work of the External Auditor and financial reporting issues.

The Audit Committee, in accordance with the Committee's Terms of Reference, has held bilateral meetings with the Accounting Officer, and with the Internal Auditors and the External Auditor and with the Chair of the Board.

The Committee comprises five Board members and two external independent members. The current members are: Wyn Penri Jones (Chair); Colin R. John (Trustee and Treasurer); Tricia Carter (Trustee and Vice-President); Roy Evans (Trustee); Mererid Jones (Independent Member); Rob Gray (Independent Member). A Trustee vacancy was created in January 2015 following the untimely death of Mr John Gittins. John had been a diligent and commendable member of the Audit Committee for six years. Mr Huw Williams was appointed to replace John on the Audit Committee. The Library's internal auditors and representatives from the Wales Audit Office also attend meetings of the Audit Committee and the Library's sponsoring division, CyMAL, reserves the right for a representative to attend one meeting a year.

The Library's internal audit is provided by Baker Tilly in compliance with the standards defined in the Public Sector Internal Audit Standards and report independently to me 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 are produced by the Library's Internal Auditors and presented to the Audit Committee to allow members to review and challenge assurance statements and other evidence provided by management; thus affording authoritative succour.

4.2.2 Frequency and reporting

The Committee met five times during the period 1 April 2014 – 31 March 2015. The minutes of each meeting of the Audit Committee are presented to the Board by the Chair of the Committee, who also brings to the attention of Trustees any issues that merit special attention.

4.2.3 Main activities

The Auditor General issued an unqualified opinion on the 2014-15 annual accounts.

Matters discussed during the year that were of major concern to Members of the Audit Committee included the financial viability of the Library in the medium term. See 7.1 below.

A security incident report that had identified a potential personal data security breach was presented to the Audit Committee and considered in detail by Members. The breach was identified after a user reported that they had inadvertently accessed another user's patron edit page. However, the incident had not been considered sufficiently serious to necessitate referring to the Information Commissioner. Whilst welcoming the way staff had dealt and learnt from the incident, Members concluded that the current relevant computer system should be replaced as a matter of urgency, especially as the original providers were no longer trading.

A number of internal audits were conducted during the year and the overall opinion in the Internal Auditors Annual report was as follows:

Area Audited	Overall Opinion
Governance	Green
Risk Management	Amber
Internal Control	Amber

The internal auditor's Governance opinion was based on their review of the Library's compliance with the Voluntary Governance Code for the Third Sector in Wales. It concluded that the Library had appropriate controls in place to satisfy each of the principles of the Code, and on that basis the auditors provided a Green level of assurance.

One risk based assurance review was undertaken during the year. The review considered the project management arrangements of the Rhyfel Byd 1914-18 a'r Profiad Cymreig / Welsh Experience of World War One 1914 -18. This was given an Amber/Green level of assurance.

It was also noted that there had been no changes to the Library's risk management process which had previously been subject to audit review and found to be adequate. On this basis the auditors gave an Amber level of assurance, which was consistent with the previous year.

As regards to Internal Control, the internal auditors undertook six assurance reviews. Of these, three were given Green assurance opinions, two Amber/Green and one Red. The overall level of assurance was Amber.

The internal auditors were asked by the Chief Executive and Librarian to undertake a compliance review of Procurement and Goods and Services in the Public Services Department in response to concerns as regards to non-compliance of procurement rules and guidelines. The auditor's report highlighted that despite a well-defined control framework, there was substantial evidence on non-compliance with the financial regulations which had led to the failure to achieve value for money. The Report was assigned a Red level of assurance which led to the implementation of the Library's disciplinary policy resulting in the demotion of a senior manager and one other member of staff by the Chief Executive and Librarian. This led to an Employment Tribunal hearing where it was decided that (1) both claimants had been unfairly dismissed and (b) both had contributed to their dismissal in the extent of 10%. Prior to the Employment Tribunal hearing one of the officers had resigned his post and the other officer applied successfully for voluntary redundancy and left the services of the Library at the end of March 2015.

The Library's Board of Trustees has agreed to commission an external independent review of the Library's disciplinary policy and other matters, which had led to a hearing before an employment tribunal which concluded that two members of staff had been unfairly dismissed.

5. Board performance and effectiveness

A review of the Audit Committee's effectiveness was undertaken in January 2015 and a review of the Board's effectiveness during February 2015. The conclusions of both Reviews together with relevant action plans will be presented and discussed by the Board of Trustees in due course.

The Trustee and Audit Committee Member appraisal process, with the aim of evaluating the contribution of each individual member to the work of the Board and Committee, has continued during 2014/15. The process has also allowed the President and Chair of Audit to address any issues they may wish to discuss with individual Members.

6. Board Meetings

During the period, 6 scheduled Board meetings were held and 1 additional meeting to consider matters pertaining to the operational transformation plan. Out of a possible maximum of 90 member attendances, a total of 86 were made. The minutes of the Board are published and available on the Library's website. The Board considers that the information and data provided to it is sufficient for it to fulfil its responsibilities.

The Board lost one member during the year. Mr John Gittins who had been a Member of the Board of Trustees since 2007 and who would have retired in September 2015, made a significant contribution to the work of the Board and Library and his support will be sorely missed. He was also a Trustee member of the Audit Committee and the Library's Superannuation Scheme Board.

Mr Phil Cooper and Dr Susan Davies commenced their duties as Trustees during the year and Mr David Barker's second term of office expired in November 2014.

7. Significant issues considered by the Board

7.1 Financial Constraints

The financial fragility of the organisation has been recognised by Trustees – and discussed on several occasions – as a major risk factor to the organisation. At the start of the 2014/15 financial year the Board of Trustees had considered its financial strategy for the impending 3 years when it was reported that the organisation would be required to reduce the number of employees in an attempt to address the significant Grant in Aid reduction. All are cognizant that failure to cut expenditure could lead to the organisation's insolvency. A number of cost-reducing measures had previously been undertaken by the Executive Team, for example, a number of posts had not been filled as they became vacant which included senior management positions. The budget reductions follow a sustained period of almost a decade where the grant has failed to keep pace with inflation. The scope for efficiency improvements is limited, and the Library plans to lose staff in order to remain financially viable. The Library also needs to release revenue resources in order to implement its new strategy which will align its outputs more closely with the policies of the Welsh Government. This will require the creation of further savings and also changing staff's roles and responsibilities.

The Library has received Invest-2-Save funding to finance the loss of staff through redundancy and early retirement schemes which commenced in 2014/15. The medium and long term financial sustainability of the Library will depend upon the Library significantly reducing the number of staff it employs. At the same time as this, issues of staff pay need to be addressed. From 1 January 2015 the Library will meet the Living Wage requirements and, as the financial issues are resolved, address the issues of staff pay in general.

7.2 Corporate Restructuring Programme

A corporate restructuring programme was launched in September 2014 in response to reductions in the Grant in Aid and the evolving needs of users, potential users and stakeholders. The case for change and its direction has been rehearsed at numerous Board meetings. The first phase of transformation was a programme of restructuring, initiated in October 2014, and the second phased focused on people, processes, projects and space. The shifts in working practices and organisational culture that follow from these changes will enable the Library to move towards a distinctly outward looking, dynamic, customer-focused organisation with implementation, delivery and impact at its core. Whist revised structures and the use of communications technologies will enhance the Library's services, ultimately, improved levels of service can only be achieved through a combination of the skills, motivation, and professional dedication of the Library's staff. Investment in staff will form a key element of transformation. Clearly remuneration packages will form an intrinsic part of the mix, giving the Library competitive advantage in attracting and retaining appropriately skilled staff.

The restructuring programme will result in a reduction in staff numbers primarily by means of voluntary redundancy, retirement and redeployment. Regrettably, albeit inevitably, a number of compulsory redundancies were required. While these reductions

in staff numbers would enable the Library to meet its current financial challenges, the Board remain mindful of the need to ensure that the appropriate staff resources be in place to deliver the strategy.

7.3 The Library building

The Board commissioned the preparation of a short term (5 year) Building Asset Maintenance Programme that would be costed, measured as basis for mature deliberation. Welsh Government is aware of the additional funds required for immediate maintenance work to ensure compliance with statutory health & safety requirements and thus safeguard both its iconic status and a reliable repository.

In 2014-15 Welsh Government has provided the Library with additional capital investment in the Library's building and infrastructure to enable essential remedial and development work. The substantial building work will be completed in 2015/16, including the Courtyard Infill project

7.4 Pension Scheme

During the year the Library was informed by the Treasury through Welsh Government that the organisation had to make changes to its pension scheme to ensure that it was "sustainable" in line with the Hutton report. The fact that the Scheme was fully funded did not seem to be a factor in the assessment and Trustees were concerned to learn that the changes that have been made to the Civil Service Pension Scheme had resulted in a rate increase of 2% higher than the Library in employers' contribution. The Library is seeking to be exempted from these changes, and an application has been submitted to Welsh Government and the Treasury.

7.4 The serious fire of 26 April 2013

Discussions are continuing between the Library, its legal advisors, the liquidators of the roof contractor and the Welsh Government concerning this matter.

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

Discussion have been held during 2014/15 at Board level and with external partners, including Welsh Government, with a view of putting arrangements in place to locate the National Monuments Record and associated services at the Library. Additional capital funding was agreed from Welsh Government to allow this to happen. Negotiations between the Library, the Commission and Welsh Government have been constructive and should lead to a resolution that will suit both institutions.

8. Code of Best Practice on Corporate Governance

So far as the Accounting Officer and Board are aware, there is no relevant audit information of which the Library's auditors are unaware, and the Accounting Officer and Board have taken all the steps that they ought to have taken to make themselves aware of any 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. .

In 2014 the Library supported the Secretary of the Board of Trustees in gaining a professional qualification in corporate governance; he has gained valuable and practical experience of applying the learning within and to the benefit of the Library. Consequently the Library is in an excellent position to appraise its own corporate governance practices and to ensure that the institution not only adheres to good practices but also continually improves its governance. The codes mentioned above are useful tools for organisational self-assessment. The Secretary, with the full knowledge and cooperation of the Executive Team, ensures that the Audit Committee (as well as internal and external auditors) and the Board of Trustees are made aware of any relevant audit information and that sufficient time is put aside to discuss any relevant issues.

As a registered charity the Library has not only acted in accordance with the Charity Commission's Hallmarks of an Effective Charity and The Essential Trustee guidelines and codes of practice but has also made our trustees aware of these important guidelines.

9. Risk Management

The Library's system of internal control as laid down in its „Assurance framework relating to Risk Management“ is based on an on-going process designed to identify and prioritising the risks to the achievement of its Strategy and annual Operational Plan; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. This on-going process was again carried out in the Library during the year ended 31 March 2015 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

In its corporate risk register the Library has identified, documented, assessed and considered the key strategic and operational risks relating to the Library's activities. These have also been considered by the Executive Team and action has been taken as appropriate 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 Library's corporate risk register is reviewed and updated twice annually and each department director is required to contribute to this process. Risks identified are included in the risk register and assessed as to whether they pose a strategic, operational, financial, or compliance risk. Risks are then graded as to whether their impact would be high, medium or low and the same assessment is made of their

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

The Library's appetite for risk can best be described as moderate. In order to put this in context, the Library cannot afford to be as risk averse as the Civil Service. This is because it is a leader in many specialist areas such as digitisation where experimentation is required and there will inevitably be some failures, and also there is a constant pressure to maximise the level of service provided to the public and minimising the associated cost. However, it is not the type of organisation that can afford to be reckless as it has its reputation to uphold and is largely funded from the public purse. Consequently, the Library is prepared to take a higher level of risk in certain areas whilst recognising that there may be some negative outcomes from time to time.

The most significant risk to the Library in the future relates to the possibility of further reductions in Welsh Government Grant-in-Aid as a result of future pressures on UK public expenditure, to a level where the Library is unable to deliver its objectives. The Library has already taken action to address the need to reduce costs to match income receivable. However, the possibility of further cuts to income cannot be ruled out.

The Library has implemented policies and procedures that ensure compliance with the requirements of the Data Protection Act 1988. There will be very few instances where personal data would be provided to a third party, for example to the Actuary, either as part of the triennial valuation process or individual calculations. Supply of data to third parties requires the approval of a senior member of the Library.

The Audit Committee receives copies of all internal audit reports for consideration and monitors the adequacy of management responses to those recommendations which address risks and weaknesses in internal control. The minutes of the Audit Committee are reported by its Chair to the Library's Board for approval.

Looking Forward

The Library is facing period of unprecedented change and the challenge of leading the organisation through this period should not be underestimated. During recent months much time has been spent in aligning resources to strategic goals. The aim of our operational transformation plan was to design an inclusive, dynamic, resilient, sustainable organisational structure that aligns to the delivery of our Knowledge for All Strategic Plan. We shall continue to enhance our public service and further broaden our range of users. The progress of the Strategic Plan will be regularly measured against targets agreed by the Library's Board of Trustees and Welsh Government through CyMAL. We shall endeavour to increase the „impact“ of the Library on communities and individuals' lives. It's our aim that the National Library, as a national institution, will continue to make a significant difference to the culture, the society and the economy of the whole of Wales. We shall be responsive to our users, both present and future. We will inspire our learners, of all ages, support our business sector and promote Wales's image abroad. Every effort will be made to ensure that the collections of the National Library of Wales are increasingly accessible in every home in Wales, irrespective of the tough challenges we face.

Aled Gruffydd Jones
Chief Executive, Librarian and Accounting Officer
10 July 2015

Endorsed on behalf of the Board by:

Colin R John
Treasurer
10 July 2015

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 2015 under the Museums and Galleries Act. These comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the 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 Responsibilities, the Librarian is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Museums and Galleries Act and National Assembly for Wales directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board'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' 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 am required to 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my 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 affairs as at 31 March 2015 and of its surplus, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with the National Assembly for Wales directions issued under the Museums and Galleries Act.

Opinion on Regularity

In my opinion, in all material respects, 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.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with National Assembly for Wales directions made under the Museums and Galleries Act; and
- the information which comprises various items included within 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;
- information specified by HM Treasury 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

29 July 2015

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2015

	Notes	PUBLIC FUNDS		PRIVATE FUNDS		2014/15	2013/14
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
INCOMING RESOURCES							
Trading Income	4	572				572	506
Donations and bequests	8			1,196	28	1,224	588
Investment Income	8			164	24	188	184
Other Grants	3	1,637	47			1,684	1,516
Government Grants	2	10,541	4,088			14,629	13,910
TOTAL INCOMING RESOURCES		12,750	4,135	1,360	52	18,297	16,704
RESOURCES EXPENDED							
Cost of Generating Funds	5						
Voluntary Income		91	8	26	3	128	136
Fundraising trading		470	41			511	737
Direct Charitable Expenditure:							
Collection & Preservation		3,995	342			4,337	4,021
Marketing, Exhibition & Education		5,002	428	2	10	5,442	5,451
Conservation		1,429	122			1,551	1,684
Governance		1,299	111			1,410	1,203
Exceptional item	22						
Roof		39				39	438
Tribunal		88				88	0
Severance		1,353				1,353	0
Third Library Building Phase3			652			652	0
Total Resources Expended		13,766	1,704	28	13	15,511	13,670
Pension Finance Costs	5	10				10	(40)
TOTAL RESOURCES EXPENDED		13,776	1,704	28	13	15,521	13,630
NET INCOMING/ (OUTGOING) RESOURCES BEFORE TRANSFERS		(1,026)	2,431	1,332	39	2,776	3,074
Gross transfers between funds			(289)	289		-	-
NET INCOMING/ (OUTGOING) RESOURCES FOR THE FINANCIAL YEAR		(1,026)	2,142	1,621	39	2,776	3,074
Gain/(Loss) on disposal of tangible Fixed assets	7						-
Gain on disposal of assets intended for investments	8			158	22	180	87
Unrealised Gains/(losses) on:				243	5	248	142
Investments	8						
Tangible Fixed Assets Revaluation	7		(2,808)			(2,808)	4,071
Gifts to Collection	10				210	210	200
Actuarial gains(losses) on defined benefit pension scheme	21	3,090				3,090	(6,170)
NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR		2,064	(666)	2,022	276	3,696	1,404
FUND BALANCES BROUGHT FORWARD AT 1 APRIL	13	(7,572)	79,614	5,487	7,399	84,928	83,524
FUND BALANCES CARRIED FORWARD AT 31 MARCH	13	(5,508)	78,948	7,509	7,675	88,624	84,928

All activities are continuing. All recognised gains and losses are recorded in the Statement of Financial Activities. The notes on pages 33 to 55 form part of these accounts.

BALANCE SHEET AS AT 31 MARCH 2015

		31 st March 2015	31 st March 2014
	Notes	£000	£000
FIXED ASSETS			
Tangible Assets	7	61,571	64,289
Heritage Assets	10	19,435	18,744
Investments	9	8,361	6,273
		<u>89,367</u>	<u>89,306</u>
CURRENT ASSETS			
Stocks		55	50
Debtors	11	1,844	753
Bank		5,124	3,716
		<u>7,023</u>	<u>4,519</u>
CREDITORS			
Bank		(404)	(202)
Amounts falling due within one year	12	(1,712)	(415)
		<u>(2,116)</u>	<u>(617)</u>
NET CURRENT ASSETS		4,907	3,902
Net assets excluding pension scheme liability		<u>94,274</u>	<u>93,208</u>
Defined benefit pension asset (liability)	21	(5,650)	(8,280)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		<u>88,624</u>	<u>84,928</u>
FUNDS			
Public Unrestricted	13	141	708
Pension Reserve		(5,650)	(8,280)
Total Public Unrestricted Funds		<u>(5,508)</u>	<u>(7,572)</u>
Public Restricted		78,948	79,614
Private Unrestricted		7,509	5,487
Private Restricted		854	788
Private Restricted Collections		6,821	6,611
		<u>94,132</u>	<u>92,500</u>
		<u>88,624</u>	<u>84,928</u>

The notes on pages 33 to 55 form part of these accounts

Aled Gruffydd Jones
CHIEF
EXECUTIVE AND
LIBRARIAN
10 July 2015

Colin R John
TREASURER

10 July 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2015**

		2014/15	2013/14
		£000	£000
Net cash inflow from operating activities	15	5,140	3,974
Capital Expenditure and Financial Investment	16	(3,555)	(2,059)
Management of liquid resources	17	(379)	175
(Decrease)/Increase in Cash		1,206	2,090

The notes on pages 33 to 55 form part of these accounts.

NOTES TO THE ACCOUNTS AT 31 MARCH 2015

1. ACCOUNTING POLICIES

(a) **Accounting Conventions**

The accounts are prepared under the historical cost convention, modified to include the revaluation of fixed assets, and comply with the Statement of Recommended Practice “Accounting by Charities” issued by the Charity Commissioners for England & Wales 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.

Without limiting the information given, the accounts meet the requirements of Accounting Standards issued or adopted by the Accounting Standards Board 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.

The Accounting Officer authorised these financial statements for issue on 10 July 2015.

(b) **Incoming Resources**

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met. Grant-in-Aid is received from the Welsh Government for running costs and capital expenditure. All Grant-in-Aid is recognised in the SOFA in the year of receipt. Other grants received are recognised on receipts basis when grant conditions are met. Donations, legacies and voluntary income are accounted for when received. 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.

(c) **Expenditure**

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements. Expenditure is recognised in the Statement of Financial Activity on receipt of goods and service.

Charitable expenditure and administration costs comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources.

Transfers from Unrestricted Private Funds are made at the year end to supplement Grant-in-Aid funding.

Fund-raising and publicity costs are those incurred in seeking voluntary contributions for the Library and in publicising the Library.

Governance costs are those incurred in connection with the management of the Library's assets, organisational administration and compliance with constitutional and statutory requirements.

(d) **Heritage assets**

For the purposes of the SORP 2005 the collections are treated as Heritage assets

Prior to 1st 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. In accordance with the requirements of the Charities SORP 2005, 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 re-valued 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.

(e) **Stocks**

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

(f) **Foreign Currency Transactions**

Assets and Liabilities denominated in foreign currencies have been converted at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the time of transaction.

(g) **Fund Accounting**

Public and private unrestricted funds are available for use at the discretion of the Board in furtherance 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.

(h) **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.

(i) **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. Motor vehicles and equipment are shown at depreciated replacement cost.

Plant, machinery and equipment are shown at current replacement cost less an allowance for depreciation. They are reviewed on a sample basis to ensure that they have not become obsolete. Valuations are updated annually using appropriate indices. Gains and losses arising from revaluations are taken to the Statement of Financial Activities in the year in which they arise.

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	- up to 8 years
Motor Vehicles	- up to 5 years

Freehold land is not depreciated.

Collection Purchases are not depreciated

The threshold for capitalisation is £5,000, but equipment below this threshold is also capitalised where it forms part of a network or project.

(j) **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.

(k) **Taxation**

The Library has been granted charitable status by the Inland Revenue. 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.

2. GOVERNMENT GRANTS

	2014/15 £000	2013/14 £000
Unrestricted		
Grant-in-Aid*	10,541	10,121
Grant-in-Aid – cost of fire	-	470
Restricted		
Purchase Grant	305	305
Capital	483	542
Capital – Courtyard Infill	3,300	-
Capital – cost of fire	-	2,472
Total grant received from Welsh Government	14,629	13,910

*£600,000 additional Grant- in-Aid was received during the 2014/15 year and GIA will be reduced by £300K in 2015/16

3. OTHER GRANTS

	2014/15 £000	2013/14 £000
Restricted		
Capital	47	47
Unrestricted		
EU Grants	280	586
<i>Others</i>		
The Great War	275	0
Libraries Inspire	263	255
People's Collections Wales	224	224
All Other	595	404
	1,684	1,516

4. OTHER INCOME

	2014/15 £000	2013/14 £000
Unrestricted		
Sales	287	215
Bank Interest	1	0
Catering	211	216
Miscellaneous	67	70
Car Park	6	5
	572	506

5. TOTAL RESOURCES EXPENDED BEFORE NOTIONAL COSTS

	Staff Costs	Staff Costs – Support	Other Direct Costs	Other Direct Costs – Support	Depre- ciation	2014/15 Total £000	2013/14 Total £000
	£000	£000	£000	£000	£000		
Charitable Expenditure							
Voluntary income	64	19	33	4	8	128	136
Fundraising trading	95	28	176	171	41	511	737
Collection & Preservation	2,839	837	161	158	342	4,337	4,021
Marketing, Exhibitions & Education	2,423	714	957	920	428	5,442	5,451
Conservation	935	276	111	107	122	1,551	1,684
Governance	496	146	333	324	111	1,410	1,203
Exceptional item			1,480		652	2,132	438
	6,852	2,020	3,251	1,684	1,704	15,511	13,670
Pension Finance Cost	10					10	(40)
Total Resources Expended Before Notional Costs	6,862	2,020	3,251	1,684	1,704	15,521	13,630

The fee for external audit work of the accounts for the year 2014/15 is £27,574 (2013/14 £35,021) and has been included in management and administration.

WEFO grant expenditure is included in Marketing, Exhibitions and Education amounting to £365,627 during 2014/15 of which £280,078 was re-claimable. Revenue expenditure regarding the fire has been included in exceptional items totalling £38,851.

We undertook a Voluntary Redundancy Scheme during the year, which was taken up by 9 employees, incurring costs of £601,544 (2013/14 £5,655). A further £752,230 was committed and accrued for an additional 18 employees but not spent at the year end.

6. STAFF COSTS

(a) Total Staff Costs

	2014/15	2013/14
	£000	£000
Salaries and Wages	6,272	6,173
Social Security Costs	460	460
Current Service Cost	2,140	1,670
	8,872	8,303
Pension Finance Cost	10	(40)
	8,882	8,263

There were no agency or short term contractors employed.

The average monthly number full time equivalent staff employed by the Library during the year was:

Staff Numbers	2014/15	2013/14
Voluntary income	2.40	3.13
Fundraising trading	3.52	8.46
Collection & Preservation	105.37	122.31
Marketing, Exhibitions and Education	89.94	86.43
Conservation	34.72	40.04
Governance	18.41	17.59
Total	254.36	277.95

The Board do not receive any emoluments. The total amount of travel, subsistence, and hospitality expended by the Library for its committee members was £6,458 (2013/14 £9,538) this was claimed by 10 members.

(b) Remuneration of Executive Team (previously known as Senior Management team)

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

	2014/15				2013/14			
	Consolidated Salary £	Unconsolidated Salary £	Real Increase (decrease) in Pension Benefits £	Single Total Figure of Remuneration £	Consolidated Salary £	Unconsolidated Salary £	Real Increase (decrease) in Pension Benefits £	Single Total Figure of Remuneration £
Prof AG Jones Librarian	90,000	0	25,530	115,530	60,000	0	12,525	72,525
Ms A Jones Director Collection Services	63,178	2,723	22,300	88,201	61,990	n/a	(2,304)	59,686
Mr. R A Jones Director of Public Services	5,166	4,292	1,160	10,618	61,990	n/a	6,146	68,136
Mr. DH Michael Director of Corporate Services	63,178	2,966	12,180	78,324	61,990	1,550	12,376	75,916
Mrs M Foster Acting-Director of Public Services 14.04.14 to 20.12.14	35,360	1,403	8,520	45,283	n/a	n/a	n/a	n/a

The Librarian's consolidated salary is determined by the officers of the Library according to guidelines issued by the Welsh Government regarding the maximum consolidated pay award for Chief Executives. The Librarian's salary was 4.18 times the median salary (£21,527) 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 senior staff members all have permanent contracts of employment and are ordinary members of the Library's pension scheme.

The Remuneration Report must include a Single Total Figure of Remuneration including salary and pension benefits. The amount of pension benefits for the year which contributes to the single total figure is calculated in a similar way to the method used to derive pension values for tax purposes, and is based on information received from the Scheme's Actuary.

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

	Cash Equivalent Transfer Value at 31/3/14	Total Accrued Pension at 31/3/15	Lump Sum at 31/3/15	Cash Equivalent Transfer Value at 31/3/15 or date left scheme if earlier	Increase in accrued pension net of inflation	Increase in lump sum net of inflation	Increase (Decrease) in transfer value net of inflation
	£	£	£	£	£	£	£
Prof AG Jones Librarian	20,200	1,870	5,610	44,060	1,110	3,330	23,620
Ms A Jones of Director of Collection Services	576,550	26,650	79,950	574,830	970	2,900	(8,640)
Mr RA Jones Director of Public Services	229,670	17,780	53,340	290,160	50	160	60,260
Mr DH Michael Director of Corporate Service	234,340	15,850	47,550	293,160	530	1,580	56,010
Mrs M Foster Acting-Director of Public Services	88,790	10,230	30,690	139,040	370	1,120	49,540

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%.

(c) 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 pay normal contributions at a rate of 6% of pensionable pay. Those members leaving the scheme who have contributed for a period of less than 2 years will receive a refund of contributions. Benefits accrue at the rate of 1/80th 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 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 latest actuarial valuation was at 31 March 2013. The Library’s contribution was reduced to 20.6% of pensionable salary, with a further 6% of pensionable pay from staff as a basic contribution through salary sacrifice arrangement. The actuarial statement is published in the National Library of Wales’ Pension Fund Annual Accounts.

The pension paid for the period was £1.69m (2013/14 £1.93m). The 31 March 2013 actuarial valuation showed that the market value of the Scheme’s assets was £46.82m and that the actuarial value of those assets did not exceed 105% of the value of the liabilities of the Scheme. Note 21 provides further information on the finances of the pension scheme to comply with the requirements of FRS17.

In 2006/07 the Welsh Government granted the Scheme a Crown Guarantee which exempts the Scheme from the Pension Protection Fund and the associated levy.

(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.

7. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £000	Plant, Fittings & Equipment £000	Motor Vehicles £000	Information Technology £000	Total £000
Cost & Valuation					
At 1 April 2014	62,904	2,824	13	5,638	71,379
Additions	793	253		748	1,794
Disposals		(6)		(56)	(62)
Asset write down	(652)				(652)
Revaluation	(4,238)	(1)		(3)	(4,242)
At 31 March 2015	58,807	3,070	13	6,327	68,217
Depreciation					
At 1 April 2014	875	2,477	9	3,729	7,090
Charged for the year	641	113	4	293	1,051
Disposals		(6)		(56)	(62)
Revaluation	(1,431)	(1)		(2)	(1,434)
At 31 March 2015	85	2,583	13	3,964	6,645
Net Book Value					
At 31 March 2015	58,722	487	0	2,363	61,572
At 31 March 2014	62,029	347	4	1,909	64,289

The salaries of 12 members of staff and costs of equipment amounting to £239,539 responsible for the creation of a system for electronic legal deposit were capitalised.

Cooke and Arkwright, Chartered Surveyors, professionally valued the Library's buildings, freehold land and equipment as at 31 March 2012 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. Equipment had been valued on the basis of the value to the Library and indexed according to CPI. The Third Library Building has had an impairment re-valuation as at 31 March 2015 by Cooke and Arkwright due to the fire damage and renovation works in progress.

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

8. PRIVATE FUNDS

	Unrestricted £000	Restricted £000	Total 2014/15 £000	Total 2013/14 £000
Incoming Resources				
Other	1,196	28	1,224	588
Interest Receivable	164	24	188	184
Profit / (loss) from sale of Investments	158	22	180	87
	322	46	368	271
Total	1,518	74	1,592	859
Resources Expended				
Voluntary income	26	3	29	22
Collection and Storage				2
Marketing, exhibitions, education Fundraising	2	10	12	95
Total	28	13	41	119
Net Incoming/ (Outgoing) Resources	1,490	61	1,551	740
Transfer to/from Public Funds	289		289	(494)
	1,779	61	1,840	246
Unrealised gain/(loss) on revaluation of investments	243	5	248	142
Net Movement in Private Funds during the year	2,022	66	2,088	388
Brought Forward at 1 April	5,487	788	6,275	5,887
Carried Forward at 31 March	7,509	854	8,363	6,275

A second Investec portfolio was established in the year from a private fund transfer of £1.25m after a large legacy during the year.

9. INVESTMENTS

	2014/15 £000	2013/14 £000
Market Value at 1 April	5,880	5,317
Acquisitions at Cost	2,495	958
Less: Disposal Proceeds and Maturity of Investments	(1,214)	(624)
Gain on Disposal	180	87
Unrealised gain/(loss) on revaluation	248	142
Market Value at 31 March	7,589	5,880
Cash held for investment	772	395
	8,361	6,275

The historic cost of investments at 31 March 2015 was £6.315m (2013/14 £4.857m).

Gilts, bonds, debentures & preference	Unit trusts, overseas equities, property & alternative assets	Unit trusts in bond portfolio	UK equities directly invested on UK stock market	Total
£	£	£	£	£
1,170,252		1,021,101		2,191,353
		291,535		291,535
			3,071,233	3,071,233
	301,902			301,902
	544,704			544,704
	111,150			111,150
	114,048			114,048
	169,838	269,235		439,073
	175,596			175,596
	160,549			160,549
	179,400			179,400
	8,922			8,922
1,170,252	1,766,109	1,581,871	3,071,233	7,589,465

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.

10. Heritage Assets

Purchases for the Heritage Assets are capitalised at historic cost.

Acquired during the year:

	Books	Subscription	Pictures Manuscripts & Maps	Others	Digital Collections	NSSAW	Total
	£000	£000	£000	£000	£000	£000	£000
At 01/04/14	1,623	2,427	9,854	380	4,176	284	18,744
Additions	81	63	137		194	6	481
Donations	22		188				210
At 31/03/15	1,726	2,490	10,179	380	4,370	290	19,435

Four Year financial summary of additions:

	2014/15	2013/14	2012/13	2011/12
	£000	£000	£000	£000
Books	81	38	34	81
Subscription	63	106	98	102
Pictures, Manuscripts & Maps	137	192	673	347
Others	0	0	0	0
Digital Collection	194	300	547	1,011
NSSAW	6	8	7	7
Total Additions	481	644	1,359	1,548

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 Services. 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.

The salaries of 10 members of staff amounting to £194,032 responsible for the digitisation of the ITV archive were capitalised.

In 14/15 The Library digitised a list of Maps, Wills, Manuscripts and some graphic material. All the costs have been capitalised under digital collection category in the heritage assets.

Since 1911 the Library 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 lhyvyr 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.

11. DEBTORS – due within one year

	31st March 2015	31 st March 2014
	£000	£000
Trade Debtors	416	146
Prepayments & Accrued Income	1,154*	477
Other Debtors	242	96
Private Funds	32	34
	1,844	753

*includes £700K prepayment to the Pension Scheme

12. CREDITORS**Falling due within one year**

	31st March 2015	31 st March 2014
	£000	£000
Trade Creditors	201	138
Accruals and deferred income	880	136
Invest to Save *	500	-
Private Funds deferred income	131	141
	1,712	415

*Invest to Save funding of £500,000 was received to help fund the severance expenses made in the year. This will be repaid through reduced GIA in 2015/16 and is therefore treated as a creditor.

13. MOVEMENTS IN STATEMENT OF FUNDS

	At 1 April 2014	Incoming Resources	Resources Expended	Other Movements In Year	At 31 March 2015
	£000	£000	£000	£000	£000
PUBLIC FUNDS					
Restricted - Capital	72,471	3,830	1,704	(3,097)	71,500
- Purchase	7,143	305			7,448
Total Restricted	79,614	4,135	1,704	(3,097)	78,948
Unrestricted	(7,572)	13,250	13,776	3,090	(5,008)
Total Public Funds	72,042	17,385	15,480	(7)	73,940
PRIVATE FUNDS					
Restricted	7,399	74	13	215	7,675
Unrestricted	5,487	1,518	28	532	7,509
Total Private Funds	12,886	1,592	41	747	15,184
TOTAL	84,928	18,977	15,521	740	89,124

14. CAPITAL COMMITMENTS

The Library has a four-year Capital Rolling Programme. At the balance sheet date, the outstanding commitments are as follows:

	31 March 2015	31 March 2014
	£000	£000
Contracted – Final Stage – Third Library Building Office - Roof	-	240
Contracted – Final Stage – Third Library Building Office - Offices	338	-
Contracted – Royal Commission	2,253	-
Contracted - Boilers	85	-
	2,676	240

It is anticipated that all commitments identified at 31 March 2015 will be met during the 2015/16 financial year.

15. RECONCILIATION OF CHANGES IN RESOURCES TO NET FLOW FROM OPERATING ACTIVITIES

	2014/15	2013/14
	£000	£000
Net incoming resources for the financial year	3,428	3,511
Depreciation	1,052	962
(Increase)/ Decrease in stock	(6)	1
(Increase) in debtors	(1,091)	120
Decrease in provision		
(Decrease)/Increase in creditors	1,297	(470)
Pension Finance Costs	460	(150)
Net cash flow from operating activities	5,140	3,974

16. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014/15	2013/14
	£000	£000
Payments to acquire tangible fixed assets	(1,793)	(1,082)
Payments to acquire collections	(481)	(644)
Income on disposal of fixed asset	0	0
Payments to acquire investments	(2,495)	(958)
Proceeds from sale of investments	1,214	625
	(3,555)	(2,059)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	2014/15	2013/14
	£000	£000
Net funds at 1 April	3,947	2,032
Net Cash Inflow	1,206	2,090
Increase (decrease) in cash held for investment purpose	379	(175)
Net Funds at 31 March	5,532	3,947

18. 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 and Capital Grants as disclosed in note 2.

Culturenet is a dormant subsidiary of the Library, during 2014/15 the Library made no payments to Culturenet (2014: nil) and received no income from the company.

The following senior staff of the Library are directors of the company:

Mr David Michael	Director
Avril Jones	Director

These staff members do not receive any remuneration from Culturenet. Culturenet has been dormant since 1 April 2013.

Mr Huw Williams, a Board member, is a partner at Geldards LLP who are the Library's nominated legal advisors to the Library. Payments totalling £89,424 (2014: £171,450) were made to Geldards LLP during 2014/15 in respect of services rendered.

Mr Robert Gray, an independent member of the Library's Audit Committee, is principal of Messrs Francis Gray, who have been appointed to produce Culturenet's dormant financial statements and assist the Library with its year end accounts. Payments made during the 2014/15 year total £13,338 (2014: £7,564).

At 31 March 2015 the Library had consolidated debtors and creditors with other Government financed bodies as follows:

	£000	£000
	Debtors	Creditors
Central Government bodies	274	-
Local Government bodies	3	6
Non-Government Bodies	1,567	1,206
Total	1,844	1,212

19. LEASES

The Library made no lease payments for the lease of vending machines during 2014/15(2013/14 £1,739.29). Lease costs are charged to the Statement of Financial Activities.

20. DERIVATIVES – FRS13

The balance sheet shows the Bank in both current assets and current liabilities. The cash book position shows one account as being overdrawn by £0.4m whereas the other accounts have £5.124m in hand. This is the cashbook position which takes account of a number of transactions that had yet to be processed by the Bank, such as un-cleared cheques and deposits. The Library did not have an overdrawn bank account at the year end.

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 9, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk. In 2014/15 £15.129m or 87% of the Library's consolidated income derived from Grant-in-Aid from the Welsh Government (2013/14 £13.91m or 87%). The balance, £2.257m or 13% (2013/14 £2.041m or 13%) is derived from income on the Library's private funds, from trading activities and grants from other bodies, as disclosed in Note 3 to these accounts.

21. PENSION COSTS

The Library operates a defined benefit scheme with benefits accruing at the rate of 1/80th of pensionable salary for each year of service. Members pay basic contributions at a rate of 6% of pensionable salary.

The latest full actuarial valuation was at 31 March 2013 and it was assessed that the Scheme had reached the point where it was fully funded. Over the year to 31 March 2015 the Library made contributions into the Scheme at a rate of 20.6% of pensionable salaries and this rate will continued to be applied in 2015/16. Contribution rate after this date will depend on the result of the actuary's valuation at 31 March 2016. Expected employer contributions for 2015/16 are £1.6 million.

Financial Assumptions

The financial assumptions made in order to calculate the FRS17 disclosure requirements are as follows:

	31 March 2015 %per annum	31 March 2014 %per annum
Price Inflation	3.2	3.5
Rate of increase in pay	3.7	4.0
Rate of increase of pensions in payment*	2.2	2.5
Rate of increase for deferred pensioners	2.2	2.5
Discount rate**	3.55	4.35

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

** prescribed by HM Treasury

The discount rate used for FRS 17 disclosures is different to that used by the Actuary for the most recent financial assessment of the Scheme at 31 March 2013. At this date the Scheme was assessed as being fully funded. The requirement to use the Treasury's discount rate for the FRS17 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. At 31 March 2015 the Scheme was assessed as being 101% funded under the Actuary's own assumptions, as compared to the FRS17 valuation which produced a pension deficit of £5.65m.

Market value of Assets and Expected Rate of Return on Assets

	31 March 2015	31 March 2014	
	Fair Value	Fair Value	Expected rate of Return
	£m	£m	% per annum
Equities	20.25	17.34	7.1
Bonds	31.13	25.51	3.4
Property	5.68	4.61	6.5
Other	(0.16)	0.22	3.0
Total value of assets	56.90	47.68	5.0

Components of Defined Benefit Cost for the Year Ended 31 March 2015

	Year Ended 31 March	Year Ended 31 March
	2015	2014
	£m	£m
a. Current service cost	2.14	1.67
b. Past service costs	0.00	0.00
c. Previously unrecognised surplus deducted from past service costs	0.00	0.00
d. Total charged to Resources Expended	2.14	1.67

Analysis of Other Amounts Charged to Statement of Financial Activities

	Year Ended 31 March	Year Ended 31 March
	2015	2014
	£m	£m
e. (Gain) loss on settlements	0.00	0.00
f. Previously unrecognised surplus deducted from settlement loss	0.00	0.00
g. (Gain) loss on curtailment	0.00	0.00
h. Previously unrecognised surplus deducted from past service costs	0.00	0.00
i. Net (gain) loss charged to Statement of Financial Activities	0.00	0.00

Analysis of the Amount Charged/Credited to Other Finance Incomes

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
j. Interest on pension scheme liabilities	2.39	1.98
k. Expected return on assets in the pension scheme	(2.38)	(2.02)
l. Net charge (credit) to other finance income	0.01	(0.04)
Total charge to Statement of Financial Activities : d + i + l	2.15	1.63

Analysis of Amounts Recognised in Reserves

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
m. (Gain) loss on assets	(7.14)	1.31
n. Experience (gain) loss on liabilities	0.00	(0.65)
o. (Gain) loss on change of assumptions (financial and demographic)	4.05	5.51
p. Total (gain) loss recognised in reserves	(3.09)	6.17
q. Cumulative actuarial (gain) loss recognised in reserves	9.49	12.58

History of Experience Gains and Losses

	Year Ended 31 March 2015 £m	Year Ended 31 March 2014 £m
a. (Gain) loss on scheme assets		
Amount (£m)	(7.14)	1.31
% of scheme assets at end of year	12.5	2.7
b. Experience (gain) loss on scheme liabilities		
Amount (£m)	0.00	(0.65)
% of scheme assets at end of year	0.0	1.2
c. Total actuarial (gain) loss recognised in reserves		
Amount (£m)	(3.09)	6.17
% of scheme assets at end of year	4.9	11.0

Reconciliation to the Balance Sheet

	31 March 2015	31 March 2014
	£m	£m
a. Market Value of scheme assets	56.90	47.68
b. Actuarial value of scheme liabilities	62.55	55.96
c. Surplus (deficit) in the scheme	(5.65)	(8.28)
d. Irrecoverable surplus	0.00	0.00
e. Pension asset (liability) recognised in balance sheet	(5.65)	(8.28)

Reconciliation of Liabilities

	Year Ended 31 March	Year Ended 31 March
	2015	2014
	£m	£m
Scheme liabilities at beginning of year	55.96	49.08
Interest cost	2.39	1.98
Current service cost	2.14	1.67
Member contributions	0.00	0.14
Benefit outgoings	(1.99)	(1.77)
Past Service Cost	0.00	0.00
Settlement cost	0.00	0.00
Curtailment cost	0.00	0.00
(Gain) loss on change of assumptions	4.05	5.51
Experience (gain) loss	0.00	(0.65)
Scheme liabilities at end of year	62.55	55.96

Reconciliation of Assets

	Year Ended 31 March	Year Ended 31 March
	2015	2014
	£m	£m
Scheme assets at beginning of year	47.68	46.82
Benefit outgoings	(1.99)	(1.77)
Library contributions	1.69	1.78
Member contributions	0.00	0.14
Settlement cost	0.00	0.00
Expected Return on Assets	2.38	2.02
(Gain) loss on assets	7.14	(1.31)
Scheme assets at end of year	56.90	47.68

22. EXCEPTIONAL ITEMS

A. THE FIRE OF 26 APRIL 2013

The costs resulting from the fire at the Library have had a significant impact and these are included within these financial statements. The Library has instructed its legal advisors to pursue a claim for costs against the contractor that was responsible for causing the fire, but it is considered that the outcome of this litigation is too uncertain to recognise any costs recovered in these financial statements.

Expenditure of £652,000 was incurred following the repairs to the roof of the Third Library Building Offices. This expenditure has been charged to Resources Expended in Public Restricted Funds as an exceptional item during the year. The roof was largely replaced in line with the original construction and consequently, as the structure of the building was not enhanced, the expenditure is recognised as an exceptional item and written off during the year. The Welsh Government provided additional capital funding of £2,472,000 as disclosed in note 2, of which £442,000 was repaid in 2014/15 through reduced GIA.

In the SOFA £39k of roof expenditure as an exceptional item in Public Unrestricted Funds relates to the legal and other costs incurred during the year in relation to the fire on the roof.

B. SEVERANCE PAY

The Library offered a voluntary severance scheme to its staff during the year and 9 staff left before the 31 March 2015 at a cost of £601,544. A further 18 staff accepted the terms on offer and will leave the Library during the 2015/16 financial year at a cost of £752,230.

C. TRIBUNAL LIABILITY

Following an employment tribunal the Library was found to have unfairly dismissed two members of staff. One was paid a compensation payment of £71,890 during 2014/15, and the other was paid a redundancy payment of £53,498 and a compensation payment of £28,460 including settlement of £15,614 in April 2015 which were accrued in the 2014/15 financial statements.