

THE NATIONAL LIBRARY OF WALES ANNUAL ACCOUNTS 2015/16

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REFERENCE AND ADMINISTRATIVE DETAILS

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

Ministerial Appointees:

Sir Deian Hopkin – term ended 30th of November 2015 (President)

The Lord Aberdare

Tricia Carter (Vice President)*

Roy Evans*

Phil Cooper*

Susan J. Davies

Huw Williams*

Rhodri Glyn Thomas – appointed 6th April 2016 (President)

Elizabeth Siberry – appointed 1st of November 2015

National Library Appointees:

Colin R. John (Treasurer)*

Michael Trickey

Roy Roberts

D. Hugh Thomas

Dyfrig Jones – appointed 1st of November 2015

Iwan Davies – appointed 1st December 2015

Richard Houdmont – appointed 1th of December 2015

Gareth Haulfryn Williams – term ended 30th of November 2015

Enid Morgan – term ended 30th of November 2015

Wyn Penri Jones* – term ended 30th of November 2015

* Also Audit Committee Members

Members of the Executive Team as at 31 March were:

Chief Executive and Librarian and Accounting Officer

Linda Tomos BLib MCLIP

Director of Corporate Resources

David H Michael CPFA, MCIPS

Director of Collection and Public Programmes (until 31st of March 2016)

Avril Jones BA, DipLib, AMInstLM

Secretary and Head of Governance

Pedr ap Llwyd JP BA MA DAA Chartered MCIPD

Advisers

Bankers	National Westminster Bank, Owain Glyndwr Square Aberystwyth Ceredigion SY23
Solicitors	Geldards LLP, Dumfries House Dumfries Place Cardiff CF10 3ZF Humphreys Robert & Bott P O Box 7 1 Alfred Place Aberystwyth Ceredigion SY23 2BS Blake Morgan Bradley Court Park Place Cardiff CF10 3DR
External Auditors	Wales Audit Office 24 Cathedral Rd, Cardiff CF11 9LJ
Internal Auditors	RSM Suite 205 Regus House, Malthouse Avenue, Cardiff Gate Business Park, Cardiff CF23 8RU
Investment Brokers	Investec Wealth & Investment 30 Gresham Street, London EC2V 7QN
Actuarial & Pension Advice	Willis Towers Watson 2 Lochrin Square, 96 Fountainbridge Edinburgh, EH3 9QA
Registered charity number	525775
VAT No	905190437

Registered Address

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

Corporation Tax

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

TRUSTEES AND ACCOUNTING OFFICER ANNUAL REPORT

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

1 GOVERNANCE STATEMENT

1.1 Statutory Background and Governing Document

The National Library of Wales ('the Library') was established by Royal Charter on the 19th of March 1907. Supplemental Charters were granted in 1911 and in 1978, with slight constitutional revisions. On the 19th of July 2006 a new Supplemental Charter was granted by Queen Elizabeth II. The 2006 Supplemental Charter changed the constitution and the Library's governance significantly and recognised devolution of government from Westminster to Wales. Whereas previously we had a Court of Governors and a Council, we now have a Board of Trustees.

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

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

1.2 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 Library; the Board's powers of delegation; the conduct expected of the Board; and proceedings of the Board.

1.3 Recruitment and appointment of trustees

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. Trustees are appointed in accordance with the principles of open selection as recommended by the Nolan Review.

1.4 Trustee induction and training

All new appointees follow an induction programme, supported by a comprehensive governance companion handbook, shortly after their appointment. Members are not remunerated. All Board members are afforded the opportunity to receive appropriate induction and other training. 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.

1.5 Relationship with Welsh Government

The relationship between the Library and the Welsh Government is regulated by a 'Framework Document' drawn up by MALD: Museums Archives and Libraries Division in 2010. In consultation with the National Library, it sets out the details of the terms and conditions under which the Welsh Ministers provide grant-in-aid to the Library.

Compliance with the Framework Document is monitored by the Library's sponsor department in the Welsh Government, MALD: Museums, Archives and Library Wales. Regular meetings take place with the Welsh Minister with portfolio responsibility for the Library and his/her officials.

1.6 Delegation

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 her team, holding them to account for the exercise of their delegated powers and delivery against plans and budgets;
- promoting and protecting the Library's integrity and reputation;
- ensuring high standards of governance that command the confidence of all of the public, the Library's funders and regulator as well as its staff.

1.7 Board Meetings

In 2015-16, 5 scheduled Board meetings were held, and one extraordinary meeting. Out of a possible maximum of 75 member attendances, a total of 71 were made. The minutes of the Board are published and are made available on the Library's website. The Board considers that the information and data provided by the Executive Team is sufficient for it to fulfil its responsibilities.

1.8 Sub-Committee

The Board has two standing committees, the Audit and Risk Committee and the Governance & Performance Committee. The scopes of both Committees are defined in their Terms of References.

The Audit and Risk Committee Terms of Reference encompasses all the assurance needs of the Board of Trustees and Accounting Officer. The Audit Committee has engagement with the work of Internal Audit and the work of the External Auditor and financial reporting issues.

The Audit Committee comprises five Board members and two external independent members. The current members are: Roy Evans (Chair & Trustee); Colin R. John (Trustee and Treasurer); Tricia Carter (Trustee and Vice President); Phil Cooper (Trustee); Huw Williams (Trustee); Dyfrig Davies (Independent Member); Kirsty Jenkins (Independent Member). The Library's internal auditors, RSM, and representatives from the Wales Audit Office also attend meetings of the Audit Committee. The Library's sponsoring division, MALD, reserves the right for a representative to attend one meeting a year.

The Audit Committee met four times during the period 1 April 2015 – 31 March 2016. The minutes of each meeting of the Audit Committee are presented to the Board by the Chair of the Audit Committee.

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

The Library's Board of Trustees resolved to establish a Governance and Performance Committee in September 2015 and its Terms of Reference were adopted by Trustees at their meeting in Aberystwyth in November 2015. The aim of the Committee is to build on the work of the Governance Taskforce, which met in July and August 2015 following the publication of the PwC report and to support the Library in maintaining high service delivery standards, by providing regular ongoing support for improved efficiency and effectiveness. In particular, it will: (1) monitor service delivery and performance; (2) review policies and practices; and (3) facilitate constructive debate between Trustees and the Executive Team and (4) provide the Board with objective reviews of performance.

The Governance and Performance Committee include Susan Davies (Chair), Hugh Thomas, Huw Williams, Elizabeth Siberry, Dyfrig Jones and Iwan Davies – all of which are Library Trustees. The committee met once during the year in February 2016.

The WAO is undertaking a review of Governance at the Library and will report in 2016/17.

1.9 Internal audit

The Library's internal audit is provided by RSM in compliance with the standards defined in the Public Sector Internal Audit Standards 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 and Risk Committee to allow members to review and challenge assurance statements and other evidence provided by management.

1.10 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.

As a registered charity, the Library has acted in accordance with the Charity Commission's Hallmarks of an Effective Charity and The Essential Trustee guidelines and codes of practice but has also made our trustees aware of these important guidelines.

1.11 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.

The corporate risk register 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. Risks identified are included in the risk register and assessed as to whether they pose a strategic, operational, financial, or compliance risk. Roles and responsibilities in relation to risk management have been approved for the Audit 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 approach to managing risk remains cautious in terms of its responsibilities as a national cultural body. 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 implemented policies and procedures that ensure compliance with the requirements of the Data Protection Act 1988. There have been no instances of failure to comply with the requirements of the Act.

Linda Tomos
Chief Executive, Librarian and Accounting Officer
22 July 2016

Endorsed on behalf of the Board by:

Colin R John
Treasurer
22 July 2016

2 OBJECTIVES & ACTIVITIES

2.1 Primary objectives

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

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

The National Library is Wales's pre-eminent library and archive. It is at equally an information resource and treasure house on all subjects, freely available to everyone, and a living store of the recorded cultures of Wales. It has two dimensions - a splendid physical building in Aberystwyth housing the print, manuscript, visual and audio-visual collections, and an online library, archive and gallery available through the internet.

2.2 Public Benefit

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

2.3 Main Activities

Our main activities are as follows:

2.2.1. **Collecting:**

Collecting materials by legal deposit, purchase, donation, bequest, exchange and deposit, in accordance with agreed collection development policies.

This function is carried out through:

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

2.2.2. **Preserving and Conserving:**

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

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

- transferring information to more suitable preservation formats.

2.2.3. Providing access and information:

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

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

2.2.4 Publicising and interpreting:

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

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

2.2.5 Professional collaboration:

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

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

Supporting functions:

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

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

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

3. ACHIEVEMENT AND PERFORMANCE

The Library believes that it has achieved the main goals for 2015-16 with delivery of restructuring programme, co-location of the Royal Commission and delivery of Key Performance Indicators and fulfilling Welsh Government requirements as follows: -

3.1 Key highlights in 2015/16

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

Substantial capital programme was carried out in order to welcome the collection and staff of Royal Commission to be co-located in the Library in May 2016. Works undertaken in the year has included ensuring suitable office space, reading rooms and storage to this organisation.

3.1.2 Corporate Restructuring Programme

From 1st of April 2015, the corporate structure changed from 3 to 2 directorates. 24 staff accepted a voluntary severance package and left during 2015-16, (in addition to the 9 staff in 2014-15). There are no further planned voluntary severance programmes, but each vacancy is being reviewed on a case by case basis. The Library is grateful to the staff that have left for their service as well as being grateful to the remainder of the staff for shouldering additional responsibilities as a result of the restructuring.

3.1.3 Digitisation for Business (known as DigiDo)

The Library delivered successfully a 3 year project in May 2015, with a total of £1.768m EU grant being received to support Welsh businesses in making use of the Library's collections.

3.1.4 Financial Constraints

A major challenge in the year has been the financial fragility of the organisation. Cost-reducing measures have been undertaken, for example, a number of posts have not been filled as they became vacant which included senior management positions. In addition, procurement training has been delivered to ensure that staff have the skills to ensure best value.

3.1.5 Cynefin

Mapping Wales' 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 a partnership led by the Archives and Records Council Wales (ARCW) with 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 are being 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, MALD and ARCW amounting to 95% of the total expected expenditure.

3.1.6 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.

3.1.7 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 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, 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.

3.1.8 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 have been created to support the app.

Wales at War is developing 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.

3.1.9 New Library Management System

During 2015-16, in association with other WHELF partners, a new Library Management System and Catalogue was introduced, which is more technologically advanced and will make it easier for users to search for items.

3.2 Key Performance Indicators

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

The Library's performance for 2015/16 against its targets was reported to the Welsh Government as follows:-

		Target	Actual
1	Number of remote network users during the year	900,000	1,260,376
2	Visitor numbers	87,000	86,406
3	Number of participants in Library activities	16,000	14,182
4	Visitor satisfaction with general atmosphere	98%	96%
5	Usage of reading rooms	25,000	20,330

4 FINANCIAL REVIEW

4.1 Results and Appropriations

The accounts are prepared under Section 9(4) of the Museums & Galleries Act 1992 in a form directed by ministers of the Welsh Government with the approval of the Treasury. The Library's net incoming resources for the financial year were £17k (2014/15: £2,764k). The Library's incoming resources totalled £13.451m (2014/15 £18.507m) and total resources expended were £13.434m (2014/15 £15.743m).

The unrestricted public reserve increased from £20K deficit to £109K surplus, but this was partly due to the £270K additional funding received in March 2016, of which £170K is repayable from the 2016-17 Grant in Aid.

Excluding FRS102 pension adjustments, the payroll cost decreased by £360K year on year with less wages being capitalised. Gross salaries of £6,077K are now 4% lower than the gross salaries for 2005-6 with no adjustment for inflation – therefore the Library are working with a much smaller staff base with 18% less staff than 10 years ago.

Fund balances at 31 March 2016 stood at £91.039m (31 March 2015 £88.462m).

4.2 Fundraising

The Library was very grateful for the £438,000 received from legacy and donations and a further £147,000 received in the form of heritage assets. This included two major legacies – Geoff Powell Estate (£184K) and Lindsay Francis Richard Mobley estate (£180K).

4.3 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.

4.4 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.

4.5 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 2015/16, 99.8% of the invoices received were paid within 30 days (2014/15 – 98.4%). 72% of invoices were paid within 15 days of receipt.

4.6 Charity Reserves Policy

The Charity SORP 2005 requires the Library to disclose its policy on Charity Reserves.

4.6.1 Unrestricted Public Funds

The National Library of Wales is currently dependent on Welsh Government to sustain the majority of its activities. The Library's Public Funds reserves policy is to conform to the requirements of the Welsh Government's Framework Document which sets out the financial framework under which the Library is required to operate. The main requirement of the Framework Document in relation to reserves is that only 2% of gross Grant-in-Aid can be held as cash balances. This requirement is particularly difficult at a time of financial uncertainty and mitigation of risks would justify carrying higher levels of reserves due to the financial outlook. Therefore the Library is exposed to a high level of financial risk and the requirements of the Welsh government do not help to promote good financial and risk management in relation to the level of reserves held.

4.6.2 Restricted Public Funds

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

4.6.3 Unrestricted Private Funds

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

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

At the 31 March 2016:

- £2M had been notionally earmarked for providing match funding for large scale projects at some time in the future.
- £300K per annum had been earmarked as a contribution towards the Library's running costs, as a short term measure until further restructuring has been considered.
- £69K per annum has been provided to support the Purchase Grant (if Welsh Government funding continues) or £300K per annum if Welsh Government cease to provide a specimen purchase grant.

The value of the Library's unrestricted charitable funds is therefore likely to decrease over the period to 2020.

The level of reserves should be reviewed and monitored by the Board through the recently established Finance Sub-Committee.

4.6.4 Restricted Private Funds

The Library's private restricted funds can only be used in accordance with any stipulated terms of each specific bequest. They can only be used for the purposes described for each fund and therefore they are only used when an item of expenditure that directly relates to the fund is approved by the Board.

4.7 Investment Policy

In the 2015/16, 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 Board reviews the Investment Strategy and Policy on an annual basis, which includes consideration of social, environmental or ethical investments.

The Library has appointed investment managers, Investec Wealth & Investment, who are responsible for investing the private funds portfolio. The managers have been set a benchmark for the performance of the investment portfolio, and in 2015/16 a return of -3.02% was achieved against a benchmark of -3.49% (2014/15: 8.57% against benchmark of 10.22%).

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 2016, the market value of the investments and cash was £8.67m (£8.361m at 31 March 2015).

4.8 Key risks and uncertainty

4.8.1 Financial uncertainty

The Board and management are concerned about the significant reduction to the Library's grant from Welsh Government. The Library has undertaken a series of voluntary severances with a total cost of £1.431M to deal with historic budget cuts.

Due to a further cut in funding of 4.7% of the Grant in Aid in 2016-17, the Library needs to identify and implement further savings of £0.3m in its base budget in order that it can balance its budget. While in the short term, the shortfall can be funded from the unrestricted private fund, further reorganisation is required to generate the savings in the long term, and the Board are concerned that the Library will not be able to meet its objectives in future if funding cuts persist

4.8.2 Pension Scheme

Treasury guidelines have recommended changes should be made to all defined benefit schemes impacting government departments. The Library is seeking to be exempted from these changes, and an application has been submitted to Welsh Government and the Treasury. An actuarial valuation of the scheme will be undertaken as at 31 of March 2016 which may affect future decisions regarding the viability of the scheme.

5 SUSTAINABILITY REPORT

This report has been compiled in accordance with the guidelines laid down by HM Treasury in *Public Sector Annual Reports: Sustainability Reporting Guidance*. During 2015-16 we achieved:

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	2015-16	2014-15	2013-14
Water consumption			
Water consumption m3	9,842	7,698	6,539
Water consumption m3 per WTE	41.52	27.69	23.44
Water supply costs £	£35,483	£25,718	£21,909
Paper consumption			
Paper consumption in reams	757	1,453	2,554
Paper consumption in reams (internal use)	590	1,064	2,137
Waste			
Total waste (tonnes)	31.02	34.8	37.7
Reused, recycled, composted	12.5	21.1	10
Landfill	18.52	13.73	12.6
Hazardous	0.4	15.1 (fire damage)	-
Reused, recycled, composted as % of total waste	40%	60.6%	26.5%
Total disposal cost £ (exc Fire Waste)	4,052	2,858	1,933
Greenhouse gas emission			
Total emission tonnes CO2 equivalent			
Attributable to business travel			
By car	70	66.6	85.1
By rails and air			
Attributable to energy consumption (1,000 tCO2e)			
Electricity & Gas	1,773	1,720	1,718
Attributable to energy consumption			
Electricity	2,446,648	2,358,799	2,364,472
Gas	2,976,625	3,148,131	3,124,612
Expenditure on business travel £(Car, Train, Bus & Plane)	£53,828	£66,113	£83,794
Expenditure on Library Van	£8,967	£5,320	£4,010
Total energy expenditure £	£343,116	£341,960	£347,009

Note on Energy:

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

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

6 POLICIES RELATING TO STAFF

6.1 Living Wage

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

6.2 Recruitment and Retention

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

6.3 Employment of Disabled People

The 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.

6.4 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 Partnership Council and with the Trade Unions.

6.5 Remuneration Report

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

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. Her 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. From 2015/16 the Chief Executives salary is now included in the general pay remit and will be uplifted in line with the inflationary pay award agreed for all staff. A percentage of the award is consolidated into her annual salary, and the balance of the award, up to a maximum of 10%, is paid as an unconsolidated annual payment. The current Chief Executive and Librarian has a temporary 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 2 and further details of the remuneration and pension benefits are shown in Note 8 (c) to the accounts. The notice period for the members of the Executive Team is 3 months. Provision for compensation for early termination is contained within the Library's standard redundancy arrangement.

7 PLANS FOR FUTURE PERIODS

The Strategic Plan for 2014-17 sets out a number of key objectives being:

- 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

The Library has received its Remit Letter from Welsh Government and has prepared its 2016-17 Operational Plan accordingly. The priorities as laid out in the remit letter are as follows: -

1. Active Participation
2. Tackling Poverty
3. Sustainability and maximising return on investment
4. Partnership working within the heritage sector
5. Supporting Brand Wales and cultural tourism

The Library is facing period of unprecedented change and the challenge of leading the organisation through this period should not be underestimated.

We will work with other organisations to support the growing agenda to move to the electronic management and preservation of large amounts of information. During 2016-2017, we will aim to,

- Maintain our existing core services and delivery as a national legal deposit library despite a 4.7% reduction in our grant from the Welsh Government.
- Increase our commercial income by 10%.
- Increase our digital usage to 1.5m visits.
- Increase our work for the Fusion Programme by 10%.
- Implement a Digital Preservation Strategy in a leadership role for Wales.
- Increase the number of items lent to other organisations by 5%.
- Implement new strategies for Marketing, Communications, Income Generation and Outreach and Engagement by September 2016.
- Complete the Organisational Re-structuring Programme by July 2016 and develop a new Workforce Development Strategy by December 2016.
- Develop a strategic relationship with BBC Cymru Wales, S4C and ITV Wales to preserve and provide access to broadcast material.
- Continue to contribute digital educational resources for Y Hwb and support the delivery of the Cymru'n Cofio Wales Remembers 1914-1918 Commemoration Programme.
- Develop a new Asset Management Plan by December 2016
- Develop an initial strategy to deliver the statutory requirements of the Future Generations Act by September 2016

The National Library of Wales by March 2017 will: -

- have increased the usage and awareness of its collections, services and activities;
- have continued to deliver its statutory duties as a Legal Deposit Library under its Charter and have delivered its strategic priorities under the Minister's Remit Letter;
- have implemented new governance arrangements and new financial planning strategies which enable it to face an uncertain financial context for public sector bodies in a more resilient way;
- have staff working in a new organisational structure which promotes collaboration and flexible working;
- have strengthened its strategic partnerships both in the culture and heritage sector in Wales and beyond. In this way, it will extend its reach digitally and physically, providing services wherever possible where people can receive them most easily;
- have contributed fully to the Year of Adventure programme and the planning for future themed years as well as other strategic delivery programmes;
- have extended its leadership role for mass digitisation, digital preservation and resource discovery within Wales, providing its expertise to other organisations where resources allow;
- continue to be a unique and valued bilingual national institution, serving the needs of the people of Wales.

The Library acknowledges the importance of reaching new audiences, particularly those in deprived parts of Wales and the Plan demonstrates a strong commitment to support the Fusion Programme to use culture as a means of providing new opportunities and life chances. A new Outreach and Engagement Strategy will focus activities on delivering across Wales as well as in Aberystwyth, working with local authorities and the third sector.

We shall try 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.

Trustees

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

Auditor

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

Linda Tomos
CHIEF EXECUTIVE & LIBRARIAN
22 July 2016

Colin R John
TREASURER
22 July 2016

STATEMENT OF BOARD AND LIBRARIAN'S RESPONSIBILITIES

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

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

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

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

Statement of the Disclosure of Relevant Audit Information

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

Linda Tomos
CHIEF EXECUTIVE & LIBRARIAN
22 July 2016

Endorsed on behalf of the Board by:

Colin R John
TREASURER
22 July 2016

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 2016 under section 9 of the Museums and Galleries Act 1992. These comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Librarian and auditor

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

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

Scope of the audit of the financial statements

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

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

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the National Library of Wales's affairs as at 31 March 2016 and of its net income, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers directions issued under section 9 of the Museums and Galleries Act 1992.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

28 July 2016

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2016

	Notes	PUBLIC FUNDS		PRIVATE FUNDS		2015/16	2014/15
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	Total £'000	Restated Total £'000
Income:							
Donations and legacies	15b	-	-	384	201	585	1,434
Charitable activities							
Government Grants	2	9,705	1,913	-	-	11,618	15,547
Other Grants	3	-	441	-	21	462	766
Other trading activities	4	569	-	-	-	569	572
Investment income	15b	-	-	195	22	217	188
Total Income		10,274	2,354	579	244	13,451	18,507
Expenditure:							
Costs of raising funds	5	721	68	31	4	824	797
Charitable activities:							
Collection	5	2,013	480	-	-	2,493	2,395
Giving Access & Information	5	2,702	310	9	-	3,021	3,396
Publicising & Interpretation	5	1,476	638	-	53	2,167	2,332
Conservation & Preservation	5	2,735	564	-	-	3,299	3,111
Governance	5	941	92	-	-	1,033	1,440
Exceptional item							
Fees relating to roof fire	23a	19	-	-	-	19	39
Settlement / Tribunal payment	23b	45	-	-	-	45	88
Severance	23c	48	30	-	-	78	1,353
Third Library Building Phase3	23d	-	440	-	-	440	652
Total expenditure		10,700	2,622	40	57	13,419	15,603
(Gain)/ Loss on disposal of assets intended for investments	16	-	-	(139)	(16)	(155)	(180)
Pension Finance Costs	22d	170	-	-	-	170	320
Total expenditure		10,870	2,622	(99)	41	13,434	15,743
Net income/ (expenditure)		(596)	(268)	678	203	17	2,764
Gross transfers between funds	15	35	1	27	(63)	-	-
		(561)	(267)	705	140	17	2,764
Other recognised gains/ (losses):							
Unrealised gains on investment		-	-	(334)	(47)	(381)	248
Tangible Fixed Assets Revaluation	10	-	4,011	-	-	4,011	(2,808)
Actuarial gains(losses) on defined benefit pension scheme	22e	(1,070)	-	-	-	(1,070)	3,330
Total gains/ (Losses)	16	(1,070)	4,011	(334)	(47)	2,560	770
NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR		(1,631)	3,744	371	93	2,577	3,534
FUND BALANCES BROUGHT FORWARD AT 1 APRIL	15	(5,670)	78,948	7,509	7,675	88,462	84,928
FUND BALANCES CARRIED FORWARD AT 31 MARCH	15	(7,301)	82,692	7,880	7,768	91,039	88,462

All activities are continuing. All recognised gains and losses are recorded in the Statement of Financial Activities. The notes on pages 27 to 48 form part of these accounts.

BALANCE SHEET AS AT 31 MARCH 2016

		31st March 2016	Restated 31st March 2015
	Notes	£000	£000
FIXED ASSETS			
Tangible Assets	10	68,009	61,571
Heritage Assets	12	19,885	19,435
Investments	11	<u>8,678</u>	<u>8,361</u>
		96,572	89,367
CURRENT ASSETS			
Stocks		52	55
Debtors	13	1,388	1,844
Bank		<u>1,207</u>	<u>5,124</u>
		2,647	7,023
CREDITORS			
Bank		(1)	(404)
Amounts falling due within one year	14	<u>(719)</u>	<u>(1,874)</u>
		(720)	(2,278)
NET CURRENT ASSETS		1,927	4,745
Amounts falling due after more than one year	14	(50)	-
Net assets excluding pension scheme liability		<u>98,449</u>	<u>94,112</u>
Defined benefit pension asset (liability)	22	(7,410)	(5,650)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		<u>91,039</u>	<u>88,462</u>
FUNDS			
Public Unrestricted	15	109	(20)
Pension Reserve		<u>(7,410)</u>	<u>(5,650)</u>
Total Public Unrestricted Funds		(7,301)	(5,670)
Public Restricted (exc Revaluation Reserve)		55,829	78,948
Revaluation Reserve		26,863	-
Private Unrestricted		7,880	7,509
Private Restricted		800	854
Private Restricted Collections		<u>6,968</u>	<u>6,821</u>
		91,039	88,462

The trustees have prepared the accounts in accordance with section 138 of the Charities Act 2011.

The notes on pages 27 to 48 form part of these accounts.

Linda Tomos
CHIEF EXECUTIVE
AND LIBRARIAN
22 July 2016

Colin R John
TREASURER

22 July 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

		2015/16		2014/15	
		£000	£000	£000	£000
Cash generated in operating activities	17		752		5,140
Cashflows from investing activities: -					
Purchase of tangible fixed assets	10	(3,421)		(1,793)	
Purchase of heritage assets	12	(303)		(481)	
Proceeds from sale of investments	11	1,203		1,214	
Purchase of Investments	11	<u>(1,527)</u>		<u>(2,495)</u>	
Net cash provided by (used in) investing activities			(4,048)		(3,555)
(Decrease)/Increase in Cash and cash equivalents in the year			<u>(3,296)</u>		<u>1,585</u>
Cash and cash equivalents at the beginning of the year			5,492		3,907
Total cash and cash equivalents at the end of the year	18		<u>2,196</u>		<u>5,492</u>

The notes on pages 27 to 48 form part of these accounts.

There is no endowment income or expenditure to report.

NOTES TO THE ACCOUNTS AT 31 MARCH 2016

1 ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) (Charities SORP (FRS102), the Companies Act 2006 and the 2000 Accounts Direction issued to the Library by the National Assembly for Wales Government. The accounts are prepared on a going concern basis.

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

The accounts meet the requirements of Accounting Standards issued or adopted by the 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.

(b) Incoming Resources

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

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

Fund Accounting

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

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

Private restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside for a specific purpose. Private restricted funds are donations which the donor has specified are to be solely

used for particular areas of the Trust's work or for a specific project being undertaken by the Library.

(c) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligations can be measured reliably. Where expenditure has been incurred in advance and relates to a later period, the accounts will only consider a prepayment if higher than £5,000 in value. Expenditure is classified under the following activity headings:

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

(d) 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.

(e) 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.

(f) Tangible Assets

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

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

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

Freehold buildings	- up to 125 years
Plant, machinery and equipment	- up to 30 years
Computer equipment	- up to 8 years
Motor Vehicles	- up to 5 years

Freehold land is not depreciated.

Collection Purchases are not depreciated

(g) 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. Purchases for the collection are capitalised in the year of acquisition and held at historic value; these assets are not re-valued or indexed.

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

Heritage Assets are not depreciated because they have indefinite life.

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

(h) Stocks

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

(i) 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.

(j) Staff holiday pay

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

(k) Taxation

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

(l) Reconciliation with previous GAAP

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability was recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £161,838. In accordance with the requirements of FRS102, a reconciliation of opening balances is provided.

Reconciliation of group funds and balances	31 March 2015
	£'000
Fund balances as previously stated	88,624
Short term compensated absences	162
Fund balances as restated	88,462

(m) Going Concern

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

2. GOVERNMENT GRANTS

	2015/16	2014/15
	£000	Restated £000
Unrestricted		
Grant-in-Aid*	9,705	10,541
Restricted		
Purchase Grant	305	305
Capital - General	632	483
Capital – Courtyard Infill	200	3,300
Culture Meets Business	20	-
Libraries Inspire	255	263
People's Collection Wales	165	224
ARCW	52	111
Cynefin	20	20
The Great War	213	275
Wales at War	51	25
Total grant received from Welsh Government	11,618	15,547

*£270,000 additional Grant- in-Aid was received during the year 2015/16 and GIA will be reduced by £170K in 2016/17
£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

	2015/16 £000	2014/15 £000
Restricted public		
Capital	-	47
EU Grants	91	280
Cynefin	205	56
Unlocking Film Heritage (British Film)	83	125
University of Wales (Digital Chair)	-	75
Wales at War (non-government grant)	13	78
Other minor grants	49	105
	441	766
Restricted private		
Scottish Power	21	-
	21	-
Total other grants	462	766

4. INCOME FROM OTHER TRADING ACTIVITIES

	2015/16 £000	2014/15 £000
Unrestricted		
Catering	221	211
Shop income	92	95
Events	21	18
Consultancy and systems	27	-
Bank Interest	-	1
Income generated from collections	76	127
Licencing and royalties	62	64
Miscellaneous	56	50
Car Park	14	6
	569	572

5 ANALYSIS OF EXPENDITURE

	Staff Costs £000	Other direct costs £000	Depreciation £000	2015/16 Total £000	2014/15 Total £000
Cost of raising funds	382	374	68	824	797
Charitable Expenditure					
Collection	1,428	875	190	2,493	2,395
Giving Access & Information	2,243	526	252	3,021	3,396
Publicising & Interpretation	1,399	631	137	2,167	2,332
Conservation & Preservation	2,642	402	255	3,299	3,111
Governance	413	528	92	1,033	1,440
Exceptional item	78	504	-	582	2,132
	8,585	3,840	994	13,419	15,603

The Library's department structure was changed on the 1st of April 2015 from 3 directorates to 2 directorates and therefore the allocation of costs has also changed accordingly.

6. ANALYSIS OF SUPPORT COSTS

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

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

	Cost of generating funds £000	Collection £000	Giving Access & Information £000	Publicising & Interpretation £000	Conservation & Preservation £000	Governance £000	Total £000
Exec	4	4	13	21	13	25	80
Support							
Finance	8	10	26	34	23	37	138
HR	11	15	32	35	26	37	156
ICT	71	99	222	256	186	278	1,112
Building	115	180	329	299	248	300	1,471
Other	1	2	6	9	5	10	33
	210	310	628	654	501	687	2,990

7. NET INCOME/ (EXPENDITURE) FOR THE YEAR

	2015/16 £000	2014/15 £000
This is stated after charging:		
Depreciation	994	1,051
Bank interest and charges	-	-
Auditor's remuneration	28	28
Accountancy services	8	11
Internal audit fees	23	14
Other governance reports	20	-
Investment management fees	34	30

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

(a) Total Staff Costs

	2015/16 £000	Restated 2014/15 £000
Salaries and Wages	6,077	6,272
Social Security Costs	408	460
Current Service Cost	1,580	1,693
	8,065	8,425
FRS102 current service cost adjustment (see note 22)	520	380
FRS102 finance interest charge (see note 22)	170	320
	8,755	9,125

There were no agency or short term contractors employed.

Other than the staff noted in 8 © there was 1 member of staff who earned over £60,000 (basic pay, allowances and holiday pay due).

Redundancy payments to staff are detailed in note 23.

(b) Pension Scheme

The Library operates a funded pension scheme which is a defined benefit pension scheme providing benefits based on final pensionable pay at a normal retirement age of 60. Members leaving the scheme who have contributed for a period of less than 2 years will receive a refund of member's contributions. Benefits accrue at the rate of 1/80th 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 actuarial statement is published in the National Library of Wales' Pension Fund Annual Accounts.

The pension paid for the period was £1.58m (2014/15 £1.69m). 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 22 provides further information on the finances of the pension scheme to comply with the requirements of FRS102.

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.

(c) Remuneration of Executive Team

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 3.91 times the median salary (£23,003) of the Library. Other senior staff receive a gross salary, which is determined as part of the negotiation of the pay remit for all other staff in the Library. The Librarian is on a fixed term contract and all other senior staff members all have permanent contracts of employment and are ordinary members of the Library's pension scheme.

The value of pension benefits is calculated as follows:

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

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

The multiplier of 20 is specified in the disclosure requirements. The Library has used this figure in order to comply with the guidance.

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

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

	2015/16				2014/15			
	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 (1/4/14 – 31/8/15)	37,500	3,115	11,050	51,665	90,000	-	25,530	115,530
Ms Linda Tomos Librarian (2/11/15–31/3/16)	37,250	-	10,580	47,830	n/a	n/a	n/a	n/a
Ms A Jones Director Collection and Public Programmes (1/04/14 -31/3/16)	64,175	12,534	67,610	144,321	63,178	2,723	22,300	88,201
Mr. DH Michael Director of Corporate Resources (1/04/14 -31/3/16)	64,175	8,166	61,860	134,201	63,178	2,966	12,180	78,324
Mr Pedr ap Llwyd – Secretariat (1/04/15 -31/3/16)	57,273	1,552	40,250	99,075	n/a	n/a	n/a	n/a
Mrs M Foster Acting-Director of Public Services (14/04/14 - 20/12/14)	n/a	n/a	n/a	n/a	35,360	1,403	8,520	45,283
Mr. R A Jones Director of Public Services (1/4/14-30/4/14)	n/a	n/a	n/a	n/a	5,166	4,292	1,160	10,618

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 31/3/15 £	Total Accrued Pension at 31/3/16 £	Lump Sum at 31/3/16 £	Cash Equivalent Transfer Value at 31/3/16 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	44,060	2,350	7,050	57,340	480	1,450	13,320
Ms L Tomos Librarian	-	460	1,380	10,180	460	1,380	10,180
Ms A Jones Director of Collection & Public Programmes	574,830	29,560	88,680	708,880	2,940	8,810	134,620
Mr DH Michael Director of Corporate Resources	293,160	18,520	55,560	370,650	2,690	8,060	77,780
Mr P ap Llwyd - Secretariat	190,070	10,110	30,330	244,320	1,750	5,250	54,440

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%.

Settlement payment

The Library paid a settlement payment in lieu of a three month notice period of £22,500 to Prof A G Jones in November 2015, following his departure in August 2015.

(d) Gifts Register

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

9. STAFF NUMBERS

The average monthly head count was 265 (2015: 280) and the average full time equivalent staff employed by the Library (including casual and part-time staff) during the year were as follows:

		Restated
Staff Numbers	2015/16	2014/15
Fundraising trading	11.8	11.6
Collection	48.4	54.8
Giving Access and Information	45.4	47.9
Publicising and Interpretation	33.9	42.2
Conservation & Preservation	90.8	95.1
Governance	11.9	15.4
Total	242.2	267.0

The above numbers have been restated to reflect the actual staff employed in the revised structure – although support staff have been allocated based on headcount.

The Board do not receive any emoluments. The total amount of travel, subsistence, and hospitality expended by the Library for its committee members was £5,014 (2014/15 £6,458) this was claimed by 10 members.

10 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £000	Plant, Fittings & Equipment £000	Motor Vehicles £000	Information Technology £000	Total £000
Cost & Valuation					
At 1 April 2015	58,807	3,070	13	6,327	68,217
Additions	3,113	135	-	173	3,421
Disposals	-	(70)	-	(776)	(846)
Indexation	4,009	4	-	16	4,029
At 31 March 2016	65,929	3,139	13	5,740	74,821
Depreciation					
At 1 April 2015	85	2,583	13	3,964	6,645
Charged for the year	624	108	-	262	994
Disposals	-	(69)	-	(776)	(845)
Indexation	11	2	-	5	18
At 31 March 2016	720	2,624	13	3,455	6,812
Net Book Value					
At 31 March 2016	65,209	515	-	2,285	68,009
At 31 March 2015	58,722	487	-	2,363	61,572

The salaries of 50 members of staff amounting to £97,317 relating to the move of the Royal Commission staff was 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 revaluation 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.

11. INVESTMENTS

	2015/16 £000	2014/15 £000
Market Value at 1 April	7,589	5,880
Acquisitions at Cost	1,527	2,495
Less: Disposal Proceeds and Maturity of Investments	(1,203)	(1,214)
Gain on Disposal	155	180
Unrealised gain/(loss) on revaluation	(381)	248
Market Value at 31 March	7,687	7,589
Cash held for investment	991	772
	8,678	8,361

The historic cost of investments at 31 March 2016 was £6.803m (2014/15 £6.315m).

	Gilts, bonds, debentures & preference	Unit trusts, overseas equities, property & alternative assets	UK equities directly invested on UK stock market	Total
	£	£	£	£
No1	1,283,054	1,980,959	3,127,171	6,391,184
No2	952,668	232,429	110,720	1,295,817
	2,235,722	2,213,388	3,237,891	7,687,001

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

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

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

12. Heritage Assets

Purchases for the Heritage Assets are capitalised at historic cost.

Acquired during the year:

	Books	Subscription	Pictures Manuscripts & Maps	Others	Digital Collections	NSSAW	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 01/04/15	1,726	2,490	10,179	380	4,370	290	19,435
Additions	62	109	122	-		10	303
Donations	1		127			19	147
At 31/03/16	1,789	2,599	10,428	380	4,370	319	19,885

Five Year financial summary of additions:

	2015/16 £000	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000
Books	63	81	38	34	81
Subscription	109	63	106	98	102
Pictures, Manuscripts & Maps	249	137	192	673	347
Others	-	-	-	-	-
Digital Collection	-	194	300	547	1,011
NSSAW	29	6	8	7	7
Total Additions	450	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 & Public Programmes. The Library does not loan items to users, but collections are accessible in the reading rooms and exhibition spaces in the building, as well as on-line.

No salaries were capitalised in the period (2014-15: 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 hwenn*, the first Welsh-language book (printed in 1546) to programmes of local events, such as concerts and shows. There are over 6 million printed volumes in total.

Manuscripts and archives: including priceless items from the Middle Ages, such as the Book of Llandaf, the Hengwrt Chaucer manuscript, The Black Book of Carmarthen as well as the recent acquisition of 'Laws of Hywel Dda'. Also documentary sources from the Middle Ages to the present day, such as records relating to churches and chapels in Wales including Parish Records and wills. It also receives theses from the universities of Wales, archives of public bodies, and personal papers of famous Welsh people from all walks of life. There are over 30,000 volumes of manuscripts, 4 million archival documents and 50 art treasures in the Library.

Maps: Both antiquarian and modern and atlases, Ordnance survey maps, sea charts, maps of farms, estates and tithe maps, railway and public utility plans. In total there are over 1.5 million maps in the Library.

Pictures: portraying people and places in Wales including, paintings, prints, engravings and other pictures. These collections include over 60,000 pictures and 4,000 framed works of art.

Photographs: from the earliest Welsh photograph, a daguerreotype of Margam Castle, taken in 1841, to the works of Mary Dillwyn, John Thomas, D.C. Harries and Geoff Charles. The Library houses around 950,000 photographs altogether.

Electronic resources and digital images: New and created mainly by the Library the collections include over 5million images.

The National Screen and Sound Archive of Wales houses 250,000 hours of sound recordings, 300,000 hours of moving images, 7million foot of film, 200,000 items from the ITV film and TV archive and 15km unique archive. There are television and radio broadcasts, sound and amateur film recordings, records cassettes and CDs, films and commercial videos.

13 DEBTORS – due within one year

	31 st March 2016	31 st March 2015
	£000	£000
Trade Debtors	47	142
VAT repayment due	447	274
Prepayments *	699	1,154
Other Debtors & Accrued Income	159	242
Private Funds Accrued Income	36	32
	1,388	1,844

*includes £250k (2014/15: £700K) prepayment to the Pension Scheme

14 (a) CREDITORS - Falling due within one year

	31st March 2016	Restated 31st March 2015
	£000	£000
Trade Creditors	166	201
Accruals and deferred income	325	880
Invest to Save *	25	500
Private Funds deferred income	78	131
Holiday pay accrual **	125	162
	719	1,874

*Invest to Save funding of £500,000 was received in 2014/15 to help fund the severance expenses made in the year. This was repaid through reduced Grant in Aid in 2015/16. Another Invest to Save loan for £75,000 was received in the year to fund photovoltaics which will generate a reduction in the electricity cost. This loan will be repaid over 3 years - £25,000 per annum in reduction in Grant in Aid due.

**Creditor balances for 2014-15 have been restated due to the FRS102 requirement to account for holiday pay in the financial statement – in line with policy 1(j) on page 28.

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

	31st March 2016	31st March 2015
	£000	£000
Invest to Save *	50	-
	50	-

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

15 ANALYSIS OF CHARITABLE FUNDS**a. Analysis of movements in funds**

	At 1 April 2015	Incoming Resources	Resources Expended	Other Movements In Year	At 31 March 2016
	£000	£000	£000	£000	£000
PUBLIC FUNDS					
Unrestricted – Public Pension	(5,650)	-	520	(1,240)	(7,410)
Unrestricted	(20)	10,274	10,180	35	109
Restricted: -					
Capital	48,649	832	1,434	-	48,047
Revaluation Reserve*	22,852	-	-	4,011	26,863
Libraries Inspire	-	255	255	-	-
ARCW	-	52	52	-	-
Volunteering Co-ordinator Grant	-	6	3	(3)	-
People's Collection Wales	-	194	195	1	-
Cynefin	-	225	212	-	13
The Great War	-	213	204	-	9
Wales at War	-	64	63	-	1
ERDF – Digitisation for Business	-	91	77	(14)	-
Unlocking Film Heritage – BFI	-	84	84	-	-
Europeana	-	13	13	-	-
Culture Meets Business	-	20	13	-	7
Scottish Power	-	-	17	17	-
Purchase Grant	7,447	305	-	-	7,752
	73,278	12,628	13,322	2,807	75,391
PRIVATE FUNDS					
Unrestricted	7,509	579	40	(168)	7,880
Restricted					
Collection fund	6,821	147	-	-	6,968
Invested restricted private reserves					
D M Phillips	693	17	3	(21)	686
W Elwyn Davies	19	1	-	(2)	18
Lady Parry-Williams	34	1	-	(1)	34
Noel Jarman	60	2	1	(1)	60
Gwyneth Lloyd	2	1	-	(1)	2
Betty Brooks	15	-	-	(15)	-
Digitisation	2	-	-	(2)	-
Dylan Thomas	21	1	-	(22)	-
A E & M E Owen	8	-	-	(8)	-
Eluned Gymraes Davies	-	53	53	-	-
Scottish Power	-	21	-	(21)	-
Total Private Funds	15,184	823	97	(262)	15,648
TOTAL	88,462	13,451	13,419	2,545	91,039

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

Other movements in the year (£2,545K) include

- (Profit) / Loss on sale of investment – (£155K)
- Pension finance cost - £170K
- Unrealised gains / (Losses) on investment – £381K
- Tangible Fixed Asset Indexation – (£4,011K)
- Actuarial losses/ (gain) - £1,070K

b. PRIVATE FUNDS (including collections)

	Unrestricted	Restricted	Collection	Total	Total
	£000	£000	£'000	2015/16	2014/15
				£000	£000
Income					
Donations and Bequests	384	54	147	585	1,434
Grants received	-	21	-	21	-
Interest Receivable	195	22	-	217	188
Total	579	97	147	823	1,622
Resources Expended					
Costs of raising funds	31	4	-	35	29
Marketing, exhibitions, education	9	53	-	62	12
(Profit) / loss on sale of investments	(139)	(16)	-	(155)	(180)
Total	(99)	41	-	(58)	(139)
Net Incoming/ (Outgoing) Resources	678	56	147	881	1,761
Transfer to/from Public Funds	27	(63)	-	(36)	289
Unrealised gain/(loss) on revaluation of investments	705 (334)	(7) (47)	147 -	845 (381)	2,050 248
Net Movement in Private Funds during the year	371	(54)	147	464	2,298
Brought Forward at 1 April	7,509	854	6,821	15,184	12,886
Carried Forward at 31 March	7,880	800	6,968	15,648	15,184

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted public £'000	Restricted public £'000	Unrestricted private £'000	Restricted public £'000	Total £'000
Tangible Fixed Assets	-	80,939	7,878	7,755	96,572
Cash at bank and in hand	228	899	2	78	1,207
Other net current assets/ (liabilities)	(69)	854	-	(65)	720
Creditors of more than one year	(7,460)	-	-	-	(7,460)
Total	(7,301)	82,692	7,880	7,768	91,039

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

	2015/16 £000	Restated 2014/15 £000
Net incoming/ (expenditure) for the reporting period (as per the statement of financial activities)	17	3,416
Less: Profit on sale of investment	(155)	(180)
Add back: FRS102 Interest Pension Adjustment	170	320
Add back: Depreciation charges	994	1,052
(Increase)/ Decrease in stock	2	(6)
Asset donations (non-cash)	(147)	(210)
Decrease/(Increase) in debtors	456	(1,091)
(Decrease)/Increase in creditors	(1,105)	1,459
Pension Finance Costs	520	380
Net cash flow from operating activities	752	5,140

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

	2015/16 £000	2014/15 £000
Cash in hand	1,207	5,124
Notice deposits (less than 3 months)	990	772
Overdraft facility repayable on demand	(1)	(404)
Net Funds at 31 March	2,196	5,492

19. RELATED PARTY TRANSACTIONS

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

- Interest reimbursed – £8,529
- Cost of recruitment of trustees - £3,866

Culturenet is a dormant subsidiary of the Library, during 2015/16 the Library made no payments to Culturenet (2014: nil). Culturenet has been dormant since 1 April 2013 and was closed in December 2015.

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 £69,947 (2015: £89,424) were made to Geldards LLP during 2015/16 in respect of services rendered. This includes a payment of £7,500 made to Geldards as a settlement fee for the litigation noted in 23B.

Mr Robert Gray, an independent member of the Library's Audit Committee, is principal of Messrs Francis Gray, who assist the Library with its 2014/15 year end accounts. Payments made during the 2015/16 year amounted to £8,537 (2014/15: £13,338).

At 31 March 2016 the Library had consolidated debtors and creditors with other Government financed bodies as follows:

	Debtors	Creditors
	£000	£000
Central Government bodies	519	231
Local Government bodies	1	6
Non-Government Bodies	868	482
Total	1,388	719

20. LEASES

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

21. 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 £0.001m whereas the other accounts has £1.2m (2014-15: £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 uncleared 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 11, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk. In 2015/16 £11.618m or 86% of the Library's consolidated income derived from the Welsh Government (2014/15 £15.547m or 84%). The balance, £1.833m or 14% (2014/15 £2.96m or 16%) is derived from income on the Library's private funds (note 15b), from trading activities (note 4) and grants from other bodies as disclosed in Note 3 to these accounts.

22. 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. 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 2016, the Library made contributions into the Scheme at a rate of 26.6% of pensionable salaries and this rate will continued to be applied in 2016/17. Contribution rate after this date will depend on the result of the actuary's valuation at 31 March 2016. Expected employer contributions for 2016/17 are £1.5 million.

(a) Development of the Net Balance Sheet Position

	31 March 2016	Restated 31 March 2015
	£m	£m
Fair value of assets (22b)	56.47	56.90
Actuarial value of scheme liabilities (22c)	63.88	62.55
Pension (liability) recognised in balance sheet	(7.41)	(5.65)

(b) Changes in the fair value of plan assets

	Year Ended 31 March 2016	Restated Year Ended 31 March 2015
	£m	£m
Scheme assets at beginning of year	56.90	47.68
Benefit paid from plan assets	(2.17)	(1.90)
Employer contributions	1.59	1.69
Members' contributions	-	-
Administrative costs	(0.10)	(0.09)
Interest income on Scheme Assets	2.01	2.07
Return on scheme assets greater/(less) than discount rate	(1.76)	7.45
Scheme assets at end of year – 22a	56.47	56.90

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

	Year Ended 31 March 2016	Restated Year Ended 31 March 2015
	£m	£m
Scheme liabilities at beginning of year	62.55	55.96
Interest cost on the DBO	2.18	2.39
Effect of employee services in the current period	2.01	1.98
Member contributions	-	-
Benefit paid from plan assets	(2.17)	(1.9)
Remeasurement on the DBO/ change of assumptions	(0.69)	4.12
Scheme liabilities at end of year – 22a	63.88	62.55

(d) Amounts charged to SOFA (Total expenditure)

	Year Ended 31 March 2016	Restated Year Ended 31 March 2015
	£m	£m
Effect of employee services in the current period	2.01	1.98
Net interest on net defined benefit liability/ (asset)	0.17	0.32
Defined benefit cost recognised in P&L	2.18	2.30
Administration costs during the period	0.1	0.09
Cost of termination benefits	-	-
Total cost recognised in SOFA	2.28	2.39

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

	Year Ended 31 March 2016	Restated Year Ended 31 March 2015
	£m	£m
Return on scheme assets (greater)/ less than discount rate – 22b	1.76	(7.45)
Actuarial (gain)/ loss arising during period – 22c	(0.69)	4.12
Total actuarial (gain) loss recognised in reserves	1.07	(3.33)

(f) Total defined benefit cost

	Year Ended 31 March 2016	Restated Year Ended 31 March 2015
	£m	£m
Total cost recognised in SOFA – 22(d)	2.28	2.39
Remeasurement effect recognised in reserves 22(e)	1.07	(3.33)
Defined benefit cost	3.35	(0.94)

(g) Reconciliation of Net Balance Sheet Position

	Year Ended 31 March 2016	Restated Year Ended 31 March 2015
	£m	£m
Net defined (liability) at beginning of year	(5.65)	(8.28)
Effect of employee services in the current period (22c)	(2.01)	(1.98)
Net interest on net defined benefit liability/ (asset)	(0.17)	(0.32)
Remeasurement effect recognised in reserves 22(e)	(1.07)	3.33
Employer contributions 22b	1.59	1.69
Administrative costs 22b	(0.10)	(0.09)
Scheme liabilities at end of year – 22a	(7.41)	(5.65)

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

	31 March 2016		31 March 2015	
	£m	%	£m	%
Equities	19.5	34.6	20.3	35.6
Bonds	31.0	54.8	31.1	54.7
Property	6.0	10.6	5.7	10.0
Other	-	-	(0.2)	(0.3)
Total value of assets	56.5		56.9	

(i) Financial Assumptions

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

	31 March 2016 %per annum	31 March 2015 %per annum
Price Inflation	2.2	3.2
Rate of Salary Increase	3.7	3.7
Rate of increase of pensions in payment*	2.2	2.2
Rate of increase for deferred pensioners	2.2	2.2
Discount rate**	3.6	3.55

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

** prescribed by HM Treasury

The discount rate used for FRS102 disclosures is different to that used by the Actuary for the most recent financial assessment of the Scheme at 31 March 2013. At this date the Scheme was assessed as being fully funded. The requirement to use the Treasury's discount rate for the FRS102 disclosure will result in the financial position of the Scheme being assessed differently under this measure in comparison to the method used in the formal actuarial valuation of the Scheme.

23. EXCEPTIONAL ITEMS**A. FEES RELATING TO 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.

B. SETTLEMENT PAYMENTS

A settlement payment of £22,500 was made to Professor A G Jones which was paid in November 2015 as disclosed in 8(b) in lieu of 3 months notice period.

The Library also paid £7,500 as a settlement payment to an ex-member of staff following a litigation claim for an accident incurred at work. The Library estimates that there is a provision for an additional £15,000 in relation to legal fees associated with the case, and that the likelihood of payment is probable.

C. SEVERANCE PAY

The Library paid voluntary severance to 24 staff that left after the 31 March 2016 at a cost of £776,457, of which £77,724 related to 4 staff accounted for in 2015-16.

D THIRD LIBRARY BUILDING

The Library completed the renovation works to the Third Library Buildings during 2015-16 of which £439,541 was paid - £415,389 to the contractor WRW and £24,152 to other providers. The expenditure has been charged to the SOFA as public restricted funds as an exceptional item during the current and previous year. As the structure was not enhanced, this expenditure is recognised as an exceptional item and written off during the year.

24. CAPITAL COMMITMENTS

At the balance sheet date, the outstanding commitments are as follows:

	31 March 2016	31 March 2015
	£000	£000
Contracted – Final Stage – Third Library Building Office - Roof	15	-
Contracted – Final Stage – Third Library Building Office - Offices	17	338
Contracted – Royal Commission	360	2,253
Contracted - Boilers	-	85
	392	2,676

It is anticipated that all commitments identified at 31 March 2016 will be met during the 2016/17 financial year, with the exception of retention due on the Royal Commission project which will be paid in 2017/18.