



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

ANNUAL ACCOUNTS 2018-19

Contents

	Page
Reference and Administrative Details	1-2
Trustees' and Accounting Officer's Annual Report	
Governance statement (including structure and management)	3-11
Objectives and Activities	12-13
Achievement and Performance	14-15
Financial Review	16-18
Sustainability Report	19
Policies relating to staffing	20
Plans for future periods	21-22
Statement of Board and Librarian's Responsibilities	23
The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales	24-26
Statement of Financial Activities	27
Balance Sheet	28
Cashflow	29
Notes to the Financial Statements	30-49

REFERENCE AND ADMINISTRATIVE DETAILS

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

Ministerial Appointees:

Rhodri Glyn Thomas (President)
The Lord Aberdare
Phil Cooper (to 31 August 2018)
Dr Susan J. Davies (to 31 December 2018)
Dr Elizabeth Siberry
Steve Williams

National Library Appointees:

Lee Yale-Helms (Treasurer)
D. Hugh Thomas
Dr Dyfrig Jones
Iwan Davies
Richard Houdmont
Gwilym Dyfri Jones
Eleri Twynog Davies

Members of the Executive Team as at 31 March 2019:

Chief Executive and Librarian and Accounting Officer (to 31 March 2019)

Linda Tomos BLib, MCLIP

Director and Deputy Chief Executive and Librarian (to 31 March 2019), Chief Executive and Librarian and Accounting Officer (from 1 April 2019)

Pedr ap Llwyd JP, BA, MA, DAA, Chartered MCIPD

Director and Deputy Chief Executive and Librarian

David H Michael FCPFA, MCIPS

Advisers:

Bankers	National Westminster Bank, Aberystwyth
Solicitors	Geldards LLP, Cardiff Humphreys Roberts & Bott, Aberystwyth Hugh James, Cardiff
External Auditors	Wales Audit Office, Cardiff
Internal Auditors	RSM, Cardiff
Investment Brokers	Investec Wealth and Investment, London
Actuarial and Pension Advice	Willis Towers Watson, Edinburgh
Registered Charity No.	525775
VAT no.	905194137
Registered Address:	National Library of Wales Penglais Aberystwyth Ceredigion SY23 3BU
Corporation Tax:	The Library is exempt from Corporation Tax under Section 505 of the Income and Corporation Taxes Act 1988

I GOVERNANCE STATEMENT 2018 - 2019

I.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 Library's constitution and 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 (number: 525775) and a Welsh Government Sponsored Body (WGSB). It is funded by a combination of grant in aid allocated by Welsh Government, and income secured through its commercial, fundraising and charging activities. An annual remit letter from the Minister with responsibility for the Library sets out the Library's grant in aid allocation and conditions.

Its dual nature as a Royal Charter foundation and a Registered Charity, and also a Welsh Government Sponsored Body governs how it operates and fulfils its role and obligations, which require a delicate balance between 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. These objects are "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 or learning."

I.2 Scope of Responsibility

The Chief Executive and Librarian is the Accounting Officer, and together with the Board of Trustees, has joint responsibility for maintaining a sound system of internal control that supports the organisation's aims and objectives whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them.

The respective responsibilities of the Minister, Sponsor Department (MALD), the Board of Trustees and its President, and the Chief Executive and Librarian are outlined in the Framework Document drawn up by the Museums Archives and Libraries Division (MALD) in 2010 which regulates the relationship between the Welsh Government and the Library.

A review of the sponsorship arrangements of arms-length bodies was undertaken by the Welsh Government in 2017 to identify improvements which could be made to the way in which it deals with the public bodies as the delivery agents to deliver the Welsh Government's objectives, and in late 2018 the Library began to implement some of the recommendations resulting from that review, in particular working closely with the Public Bodies Unit to deliver a recruitment campaign to attract a Vice President and Trustees to serve on the Library's Board.

The role of the Board is to provide effective leadership, defining and developing strategic direction, setting challenging objectives, promoting high standards of public finance, ensuring that the Library discharges its functions effectively and efficiently, and monitoring performance, including the performance of the Chief Executive and Librarian, to ensure that the Library fully meets its aims, objectives and performance targets and delivery against plans and budgets.

The President is the primary communicator between the Board and the Minister and his role is to ensure that other Board members are kept informed of all such communications. It is also the President's responsibility to ensure that the Board's policies and actions support the Minister's wider strategic policies and that its affairs are conducted with probity.

As Accounting Officer, the Chief Executive and Librarian is personally responsible for stewardship of the public funds for which he or she has charge, for day to day operations and management of the

Library and for ensuring compliance with Managing Welsh Public Money (January 2016). The role and special responsibilities of the Accounting Officer are also delineated in this document.

1.3 Corporate Governance Framework

The Board of Trustees adopted a Corporate Governance Framework in September 2013, together with an Assurance Framework relating to Risk Management. The Corporate Governance Framework lays down the key responsibilities of the Board of Trustees and Executive Team of the Library, the Board's powers of delegation and the conduct expected of the Board. The updated Governance Framework also incorporates the Trustees' Code of Conduct. The Regulations, which lay down the proceedings of the Board and its Committees, were approved by the Board of Trustees in February 2017 and further amendments to both the Governance Framework and Regulations were approved by the Board of Trustees in February 2018.

1.4 Recruitment and appointment of Trustees

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

Following two unsuccessful recruitment processes, the post of Vice President remains vacant, and was re-advertised in February 2019.

The terms of office of two Welsh Government appointments ended during 2018, Phil Cooper in August and Dr Susan Davies in December. These posts, together with another Welsh Government Trustee vacancy from March 2018 were also advertised in February 2019.

1.5 Trustee induction and training

All new appointees follow an induction programme shortly after their appointment, supported by a comprehensive governance Companion Handbook. All Board members are afforded opportunities to receive other training as appropriate and, as part of an ongoing appraisal programme, areas for further training were identified, and a training programme was drafted, which was approved by the Board in November 2018. This will be fully implemented during 2019. Audit and Risk Committee members have already undertaken training provided by an external provider on improving audit committee effectiveness.

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. Trustees are not currently remunerated.

1.6 The Board and its Committees

Members of the Board of Trustees have responsibility for approving the organisation's Strategic and Operational Plans, its Annual Report and Accounts and its Annual Budget. The three Standing Committees discuss Library business as set out in the terms of reference for each Committee, and make recommendations to the Board of Trustees on action to be taken. The responsibility for decision making rests with the Board of Trustees. The Chief Executive and Librarian, and Deputy Chief Executive and Librarian attend all Board and Committee meetings.

The Board meets five times a year. Board minutes are published and made available on the Library's website, together with a summary of papers to be presented at Board meetings. The quorum necessary for the transaction of the Board's business is five Trustees.

<https://www.llgc.org.uk/en/about-nlw/governance/nlw-governance/>

Board members' biographies are available at

<https://www.library.wales/about-nlw/governance/nlw-governance/board-members/>

Committee	Key responsibilities
Audit and Risk	A standing Committee which encompasses all the assurance needs of the Board of Trustees and Accounting Officer in their responsibilities for issues of finance, risks, internal control and governance. The Committee also engages with the work of Internal and External Audit and financial reporting issues. The quorum necessary for the transaction of the committee's business is at least three Committee members (including the Chair).
Governance and Performance	A standing Committee which encompasses all the governance and performance monitoring needs of the Board of Trustees and Executive. The Committee engages with the work of the Wales Audit Office in pursuing any recommendations made by them in respect of governance arrangements. The quorum necessary for the transaction of the committee's business is at least three Committee members (including the Chair).
Financial Planning	A standing Committee which encompasses the Library's financial review and monitoring needs. The quorum necessary for the transaction of the committee's business is at least three Committee members (including the Chair).

Board and Committee Membership

	Current term	Expires	Board	Audit and Risk	Gov. & Performance	Financial Planning
Rhodri Glyn Thomas	1 st	31.03.2020	Chair	-	-	-
Lee Yale-Helms	1 st	31.07.2021	Treasurer	Ex officio member	-	Chair
Hugh Thomas	2 nd	31.10.2020	Member	Chair	-	Member
Lord Aberdare	2 nd	31.10.2020	Member	-	-	-
Iwan Davies	1 st	30.11.2019	Member	-	Member	Member
Philip Cooper	1 st	31.08.2018	Member	Member	-	Member
Susan Davies	1 st	31.12.2018	Member	-	Chair	-

Elizabeth Siberry	1st	31.10.2019	Member	-	Member	-
Richard Houdmont	1st	30.11.2019	Member	Member	-	-
Dyfrig Jones	1st	31.10.2019	Member	-	Member	-
Gwilym Dyfri Jones	1st	31.01.2021	Member	-	Member	Member
Steve Williams	1st	31.01.2021	Member	Member	-	-
Eleri Twynog Davies	1st	30.06.2021	Member	-	Member	-

In addition to the standing committees, the Board set up a Post 16 Education Task and Finish Group during 2018 to further explore ways in which the Library could work with post 16 education providers. In February 2019, the Board set up a Fundraising Task and Finish Group to consider developing fundraising opportunities and activities at the Library.

A register of Board member's interests is maintained by the Corporate Governance Manager and is open to inspection at the Library on application to her.

Appraisals of all Board members were conducted by the President during 2018. An external assessment of the Board's effectiveness has been put on hold, pending the outcome of the Tailored Review which will take place during 2019; the Library will be the first organisation in Wales to take part in a Tailored Review, which will be led and facilitated by the Public Bodies Unit, Welsh Government.

Board and Committee Attendance

	Board	Audit and Risk	Governance & Performance	Financial Planning
Rhodri Glyn Thomas	5/5	1/4 (as ex officio member)	-	1/3 (as ex officio member)
Lee Yale-Helms	4/5	2/4	-	3/3
Hugh Thomas	4/5	4/4	-	1/3
Lord Aberdare	4/5	-	-	-
Iwan Davies	5/5	-	2/2	2/3
Philip Cooper	2/5 (term ended 31.08.18)	2/4	-	1/3
Susan Davies	4/5 (term ended 31.12.18)	-	2/2	1/1 (by invitation)
Elizabeth Siberry	4/5	-	1/2	-
Richard Houdmont	5/5	4/4	-	-
Dyfrig Jones	4/5	-	0/2	-
Gwilym Dyfri Jones	4/5	-	0/2	1/1
Steve Williams	4/5	3/4	-	-
Eleri Twynog Davies	4/5 (present for part of meeting on 21.09.18)	-	1/2	-

Audit and Risk Committee

In accordance with Library Regulations and best practice the Audit and Risk Committee includes two independent members, Kirsty Jenkins and Dyfrig Davies, who are appointed following an open selection process. The Library's internal auditors, RSM, and representatives from the Wales Audit Office also attend meetings of this Committee. The Library's sponsor division, MALD, reserves the right for a representative to attend one meeting a year. Of the four meetings held in 2018/19, both Kirsty Jenkins and Dyfrig Davies attended two of the four meetings held.

The Audit and Risk Committee kept the management of risk, and the Library's top strategic risks, under review throughout the year. A special meeting of the Audit and Risk Committee was convened on 19 September 2018 specifically to discuss the risks surrounding the Broadcast Archive Project and to gain reassurance that all financial and other risks were being adequately considered and mitigated.

Financial Planning Committee

In September 2018 the Board co-opted Hywel J Tudor to the Financial Planning Committee to provide a wider financial perspective, but as a co-opted member does not have voting rights, and is not included in the quorum required for the transaction of business. As Phil Cooper's term of office ended on 31 August, Gwilym Dyfri Jones was elected to serve on the Committee in his place.

In accordance with best practice, Hugh Thomas stepped down from the Financial Planning Committee in April 2018 when he was elected Chair of the Audit and Risk Committee.

Meetings of both the Financial Planning Committee and Audit and Risk Committee which should have been held on 1 February 2019 were cancelled due to the adverse weather.

Governance and Performance Committee

The term of office of the Chair, Dr Susan Davies, ended in December 2018, and the Chair has been vacant since that time. As a consequence, the meeting of the Committee due to have been held on 11

January 2019 was postponed. An interim Chair has since been appointed, and the Committee's membership will be reviewed and a permanent Chair appointed when new Trustee appointments have been confirmed. In the interim period, the committee's duties have been overseen by the Board of Trustees.

Board Performance

Timely and accurate information is provided to the Board in relation to the whole range of its responsibilities and the members are confident that the quality and accuracy of that information is robust and accurate and sufficient to be able to make informed decisions.

The Board received the minutes of all meetings of the Audit and Risk Committee, Financial Planning Committee and Governance and Performance Committee. The Board also received reports on financial performance, risk management, Library investments, the Pension Scheme and progress reports on achievement against the targets set in the annual operational plan. In addition, the Board approved the 2017 - 2018 Annual Report and Accounts, and revised versions of the Library Regulations and the Corporate Governance Framework.

In addition to normal matters, the following significant issues were considered by the Board during the year:

- The NLW Broadcast Archive Project, part funded by the Heritage Lottery Fund, will see the establishment of a National Broadcast Archive in partnership with the BBC in which the Library will receive custody of the entire archive of the BBC in Cardiff. This ambitious and strategically important project will supplement the existing ITV broadcast archive already held at the Library. Detailed discussions were held between the Library and the Welsh Government regarding a £1m capital grant for the scheme and it was pleasing to see the Deputy Minister responding positively to the Library's request. Due to the Deputy Minister's positive response, it was possible for the Library to submit a round 2 bid to the Heritage Lottery Fund in March 2019.
- The progress made in the ambitious Building Capital Programme, which includes significant building maintenance.
- The Library opened a new exhibition gallery in Haverfordwest in partnership with Pembrokeshire County Council. This will enable the Library to share the wealth of its collections with a wider audience.
- The Board adopted the Library's first People Strategy and Workforce Development Plan. This was seen as an important milestone in our work to try to provide and prepare leaders for the future.
- The Board was delighted to be able to sign the Die to Work Charter, which means that we will treat those staff who have received a terminal diagnosis with dignity and respect.
- Approval of the Library's first report on compliance with the Welsh Language Standards; this was published on the Library website in September 2018.
- Approval of the Annual Budget for 2018 – 2019.
- Recruitment process for the appointment of a new Chief Executive and Librarian, which saw Pedr ap Llwyd, the current Deputy Chief Executive and Librarian and Director of Collections and Public Programmes being appointed as Linda Tomos' successor on 12 December 2018. Pedr took up his post on 1 April 2019 when he also became the Library's Accounting Officer.

- Approval of the People Strategy and Workforce Development Plan which saw the completion of the recommendations made by Wales Audit Office in their report National Library of Wales – Review of Governance (2016).
- Potential implications and risks for the Library pending Brexit.

1.7 Internal audit

The Library's internal audit is provided by RSM in compliance with the Public Sector Internal Audit Standards. They report independently on an annual basis on the adequacy and effectiveness of the Library's system of internal control, together with recommendations for improvement. Regular internal audit reports are presented by RSM to the Audit and Risk Committee to allow members to review and challenge assurance statements and other evidence provided by management. The Head of Internal Audit opinion for the Library for the twelve months ended 31 March 2019 is that the organisation has an adequate and effective framework for risk management, governance and internal control. However, work undertaken by RSM has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. No high priority management actions were raised, but four medium management actions were raised throughout the year. The four actions related to the following audits;

Estates (Part 2) – the audit identified that the Contract Service Visits spreadsheet was out of date, which presents the risk that the Library would not be able to continue to complete its annual maintenance programme within required timescales. Assurance was given by management that updating the spreadsheet will be prioritised to ensure that all regular maintenance works which require completion at the Library are included, and the position of expired contracts will be reviewed and action taken to ensure arrangements are in place to undertake the required maintenance works.

Risk Management – the audit identified that no justification and /or reasoning for the scoring of each risk is included on the register, and management will prioritise this action. The Risk Management Policy and Strategy need to be reviewed and updated to reduce the risk of incorrect process and procedure guidance being used, which are not up to date with current and expected guidance at the Library – this again will be reviewed as a priority. The third area of concern in this audit centred around assurance sources not being recorded on the risk register and absence of a Board Assurance Framework; assurance was given by management that an assurance framework will be introduced which will map out the three levels of assurance that are in place against each risk – the first will be internal control/management, the second will be Audit and Risk Committee oversight and the third will be internal audit/third party/expert reports.

The following internal audits were undertaken during 2018/19:

- Estates (Part 2)
- Human Resources Policies
- GDPR (Advisory)
- Key Financial Controls
- Risk Management / Assurance Mapping
- Follow Up

Substantial assurance was provided for the HR Policies, and Key Financial Controls (Income and Banking), while reasonable assurance was given for the Estates (Part 2), Risk Management, and Key Financial Controls (Fixed Assets) audits. The General Data Protection Regulation Governance was an advisory audit.

1.8 Code of Best Practice on Corporate Governance

As far as the Accounting Officer and Board are aware, there is no relevant audit information of which the Library's auditors are unaware. The Accounting Officer and Board have also taken all necessary or

required steps to make themselves aware of relevant audit information and to establish that the Library's auditors are aware of that information. The Library has acted in accordance with the Good Governance Code: A Code for the Third Sector in Wales (2012) and the Board of Trustees 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 Good Governance Steering Group's Charity Governance Code, 2017 (which replaces the Charity Commission's guidance Hallmarks of an Effective Charity CCI0) and the Charity Commission's The Essential Trustee (CC3) guidelines and codes of practice, as well as ensuring that our Trustees are aware of this important guidance.

1.9 Risk Management

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

The corporate risk register has identified, documented, assessed and considered the key strategic and operational risks relating to the Library's activities. These 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. Two new risks were included during the year regarding the effect of Brexit on the Library's Pension Fund and a no deal Brexit threatening supply chains for import of goods.

The Library's corporate risk register was regularly reviewed and updated. Risks identified have been included in the risk register and assessed as to whether they pose a strategic, operational, financial, or compliance risk. Roles and responsibilities in relation to risk management have been approved for the Audit and Risk Committee, internal audit, the Chief Executive and Librarian and Heads of Directorates and their staff. The Register was reviewed at each meeting of the Audit and Risk Committee, and presented quarterly to the Board of Trustees.

The Library's approach to managing risk remains cautious in terms of its responsibilities as a public body. The most significant future risk to the Library 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.

During 2018/19, there were three data breaches; the first occurred in August 2018, in which a reader contacted the Library to report a suspected hacking of the Library's system. This breach was reported to the Information Commissioner, who did not consider it to be a reportable breach under GDPR.

In February 2019 there is reason to believe that personal data was lost from an event ticketing system. As the second incident was similar in nature to the one in August 2018, which was reported to the ICO, and which the ICO considered to be non-reportable, it was decided not to inform the ICO on this occasion.

The third incident took place in March 2019, and involved internal documentation possibly being accessible on public terminals; there were a number of reasons to believe that although access was a possibility, there was no evidence that it had occurred.

In all three cases, the Information Security Taskforce was convened at the earliest opportunity, and all three incidents were duly reported to the Audit and Risk Committee; all available information, follow

up actions and longer term recommendations were duly considered, and internal processes have been or are in the process of being changed as a result.

1.10 Well Being of Future Generations (Wales) Act 2015

In implementing its statutory obligations, and in particular the Well-being of Future Generations (Wales) Act 2015, the Library is committed to not only provide services which fulfil present needs, but which also safeguard future generations and their needs.

The Library's volunteering scheme actively helps people to reach their potential whatever their background or needs, and assists our volunteers to be active members of society.

The Welsh Language Standards which the Library must comply with safeguards the Welsh language, and the Library is a thriving community of Welsh language and culture which it aims to preserve for future generations. The Library produced its first Annual Report on Compliance with the Welsh Language Standards in September 2018.

The large scale maintenance work being undertaken on the building will reduce our carbon footprint and our energy consumption. Digital preservation will also preserve access to our collections and ensure that these are available for future generations to enjoy.

1.11 Data Protection

The Library has implemented policies and procedures that ensure compliance with the requirements of the Data Protection Act 2018. There have been no instances of failure to comply with the requirements of the Act. The Library updated its policies and procedures in readiness for the General Data Protection Regulation which came into force on 25 May 2018, and the Library's internal auditors undertook a review of the Library's preparations for implementation of GDPR in June 2018. The Library also updated its CCTV Policy during 2018 to ensure compliance with the GDPR and Data Protection Act 2018.

Signed on behalf of the Board:



Pedr ap Llwyd
Librarian & Chief Executive & Accounting Officer
19 July 2019



Lee Yale-Helms
Treasurer
19 July 2019

2 OBJECTIVES AND ACTIVITIES

2.1 Primary objectives

The Library's primary objective, as expressed in Supplemental Charter 2006 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 fundamental purpose and vision was to ensure that the unique history, culture and heritage of Wales, which has been documented in various forms and media over the years, is available at all times to enable everyone to obtain a better understanding of who we are, to explain the historic and cultural heritage that has shaped us as a nation over the centuries, and to encourage learning and research. It has two dimensions - a splendid physical building, in Aberystwyth, housing the print, manuscript, visual and audio-visual collections and also a library and archives, as well as a digital presence on the internet.

2.2 Public Benefit

The Trustees have complied with the duty in section 2 of the Charities Act 2011 to have due regard to the guidance published by the Charities Commission on public benefit. Although the main beneficiaries are the people who live in Wales, the Library's work provides worldwide benefit to visitors and on-line users.

2.3 Main Activities

Our main activities are as follows:-

2.3.1. **Collecting:**

Collecting materials by legal deposits, purchases, donations, bequests, exchanges, and deposit, according to agreed collection development policies.

This function is carried out through:

- creating as complete a collection as possible, in all media, of published material relating to Wales (and other Celtic countries to a lesser extent), including electronic and printed publications and audio/moving image material;
- maintaining (mainly through legal deposits and purchases) the most comprehensive collection in Wales of printed materials published in the UK and Ireland, and research material from other countries;
- developing collections of unpublished materials relating to or deriving from Wales, including archives and artistic work;
- gaining access to acquired work, processing, cataloguing and storing it in the most effective way.

2.3.2. **Preserving and Conserving:**

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

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

2.3.3. Providing access and information:

Providing suitable/effective public access to the Library building, its 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 on-site users or via on-line communication for remote users;
- providing easy access to catalogues of the Library's collections and electronic resources, and to its corresponding digital versions.

2.3.4 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 materials in paper and on-line formats;
- exhibitions and educational/community activities derived from the collections, both at the Library and in other venues across Wales;
- events, lectures and seminars.

2.3.5. 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.

Support 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 benefit of the public in Wales.

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

3. ACHIEVEMENT AND PERFORMANCE

3.1 Key highlights in 2018/19

3.1.1 Mostyn Season

Between June and December 2018, the Library celebrated the centenary of receiving the Mostyn family manuscripts and papers to the Library, courtesy of A. Cecil Wright in 1918. The focus of the celebration was the excellent exhibition opened by the current Lord Mostyn in the presence of Lord Dafydd Elis Thomas. At the end of the Mostyn Season an excellent symposium was held in Aberystwyth when several aspects of this special collection were examined.

3.1.2 The Music Archive

Following the launch of the Music Archive Programme in 2018, the Board decided to fund two joint doctoral scholarships with Bangor University and the Coleg Cymraeg Cenedlaethol. The topics of the doctorates will focus on the Library's collections and will be based in the Library.

3.1.3 Wales Remembers: First World War commemoration activity

The Library has continued to work closely with the Welsh Government on introducing a program of activities commemorating the Great War including co-operating with schools in the Fusion Programme areas on the life and work of Hedd Wyn.

3.1.4 Exhibitions

In addition to the exhibition on the Mostyn archives, an exhibition was arranged on the life and work of Humphrey Llwyd, the mapmaker and scholar from Denbigh. Llwyd was one of the great figures of the Renaissance period. In addition, an exhibition of the work of photographer Jack Lowe was held.

3.1.5 Carto Cymru

In May 2018 the 2018 Wales Map Symposium - Charting the Seas was held as part of the annual Carto-Cymru festival.

The conference looked at how maps depicted the sea and coastline, and how such mapping is used to expand our understanding of these environments. The symposium was a joint event between the National Library of Wales and the Royal Commission on the Ancient and Historical Monuments of Wales and was a means of sharing the wealth of cartographic material available to researchers at the National Library of Wales and the Royal Commission on the Ancient and Historical Monuments of Wales.

3.2. Key Achievement Indicators

The Library's performance against its targets was reported to the Welsh Government in 2018/19 as follows:

	Target	Attainment
1 Number of visitors to the Library's sites and reading rooms	65,000	87,611
2 Number of visitors to the Library's digital sites	1,800,000	1,650,055
3 Number of participants in the Library's activities	15,000	16,209
4 User satisfaction (physical); good/very good/satisfactory	96%	99%
5 User satisfaction (virtual)	80%	89%
6 Number of outreach events	100	141
7 Number of outreach events in Fusion partnership areas	50	74
8 Number of participants at outreach events	8,000	12,526
9 Number of participants at outreach events in Fusion Partnership areas	1,300	1,706
10 Number of volunteers	700	666
11 Number of collection items on physical display (in the Library and on loan)	500	532
12 Number of new digital items created through the Library's digitalisation programme	200,000	333,443
13 Percentage increase in traffic to social media channels	15%	-9.3%
14 Number of events held in the Library	100	169
15 Use of Library facilities by outside organisations	50	157
16 Increase in the number of volunteers from diverse and disadvantaged backgrounds	10%	31%

Performance against targets is reviewed by the Welsh Government and the Board with notes and interpretations being provided regarding achievements against targets.

We are obliged to monitor continuously and evaluate our work both quantitatively and qualitatively. Although our quantitative achievement indicators provide a snapshot of performance, the qualitative data from case studies and narrative reports still continue to provide a more detailed snapshot, and an opportunity to reflect on our work and enrich it.

4 FINANCIAL REVIEW

4.1 Financial Results and Allocations

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 £1,362k (2017/18: £644k). The Library's incoming resources totalled £15.32m (2017/18: £14.33m) and total resources expended were £13.96m (2017/18: £13.69m).

The unrestricted public reserve increased from £635k to £692k. This was achieved through managing costs, but the level of the unrestricted public reserve is so low that a loss can no longer be sustained in future partly as a result of the Welsh Government's rules regarding carrying money forward and the level of funding permitted at the end of the financial year.

Fund balances at 31 March 2019 stood at £93.4m (31 March 2018 £86.2m).

4.2 Charities Statement of Recommended Practice

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

4.3 Valuation of Tangible Fixed Assets

The Library commissioned a revaluation by Cooke and Arkwright, Chartered Surveyors, of the Library's buildings and freehold land as at 31 March 2017. Land and buildings values are adjusted annually by indexation between each formal valuation which takes place every five years. Other fixed assets are not revalued nor indexed, and from 2017-18, will be held at original cost less depreciation.

4.4 Policy on the Payment of Creditors

The Library operates a monitoring procedure to measure the Library's performance against the "Better Payment Procedure Code" and a sample of invoices paid is taken to assess performance. During 2018/19, 98% of invoices received were paid within 30 days of receipt (2017/18 – 99%).

4.5 Charity Reserves Policy

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

4.5.1 Unrestricted Public Funds

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

4.5.2 Restricted Public Funds

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

4.5.3 Unrestricted Private Funds

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

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

On 31 March 2019:

- £2.5m had been notionally earmarked to provide match funding for the National Broadcast Archive project, where Stage 1 has been successful and we will proceed with Stage 2 in October 2019.
- £200k per annum had been earmarked as a contribution towards the deficit in the Library's capital budget;
- The Board has agreed to fund £50,000 towards the Dictionary of Welsh Biography on-line. This is a joint project with the Centre for Advanced Welsh and Celtic Studies.
- The Board has agreed to invest £240,000 (£80,000 per annum for 3 years) to catalogue and promote Welsh folk music, especially the Meredydd Evans collection.
- The Library is developing a relationship with higher education institutions with a view to developing a joint partnership in the future - that will be funded from the unrestricted fund.

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

4.5.4 Restricted Private Funds

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

4.6 Investment Policy

The portfolio has been invested in both equities and bonds and the amount that can be invested in different asset classes has been set in accordance with a risk assessment. The Library's attitude to risk is considered "moderate", accepting that in order to achieve higher returns than placing cash in a deposit account, there will be a consequent risk in investing in bonds and equities.

The Board reviews the Investment Policy and Strategy 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 2018/19 a return of 5.07% was achieved against a benchmark of 6.05% (2017/18: 4.04% against a benchmark of 1.28%).

The investments were managed on a discretionary basis in accordance with the requirements of the Trustee Investments Act 1961 and latterly the Trustee Act 2000. The performance of the portfolios is monitored and submitted regularly in the form of a report to the Financial Planning Committee and the Trustees. On 31 March 2019, the market value of the investments and cash was £11.74m (£11.16m on 31 March 2018).

4.7 Key risks and uncertainty

4.7.1 Financial uncertainty

Although the core grant has increased by 3.1% in the short-term in 2018-19, the Board and managers remain concerned about the substantial reduction in the Library's grant from the Welsh Government.

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

4.7.2 Pension Scheme

An actuarial valuation of the scheme was obtained on 31st March 2016, which indicated a historic loss of £370k to the scheme and a change in the scale of contributions was implemented from 26.6% to 27.2% of salaries from 1st July 2017. The staff can also choose to contribute either 3% of their salary towards not having a reduction in their pension if they retire at the age of 60 or to accept that the retirement age has changed to 65, and so there will be an actuarial reduction in the pension if they retire before this date.

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 2018-19, the following was achieved: -

	2018-19	2017-18	2016-17
Water consumption			
Water consumption m ³	10,323	11,753	10,523
Water consumption m ³ per WTE*	40.48	44.52	40.26
Water supply costs £	£47,054	£46,762	£42,784
Paper consumption			
Paper consumption in reams (external and internal)	550	537	607
Paper consumption in reams (internal use)	514	450	469
Waste			
Total waste (tonnes)	35.11	30.33	32.57
Reused, recycled, composted	26.6	9.86	14.2
Landfill	8.51	20.47	18.33
Hazardous	-	-	-
Reused, recycled, composted as % of total waste	75.8%	32.5%	43.6%
Total disposal cost £ (excluding Fire Waste)	£4,953	£6,538	£9,216
Greenhouse gas emission			
Total emission tonnes CO ₂ equivalent			
Attributable to business travel	16	21	59
Attributable to energy consumption (1,000 tCO ₂ e)			
Electricity and Gas	1,368	1,462	1,811
Attributable to energy consumption			
Electricity	2,649,751	2,844,453	2,687,696
Gas	3,510,705	3,706,998	3,283,225
Expenditure on business travel £ (Car, Train, Bus & Plane)	£51,591	£43,297	£41,768
Expenditure on Library Van	-	£9,507	£11,539
Total energy expenditure £	£366,057	£355,072	£354,128

*WTE = full-time equivalent

Note on Energy:

Costs are total for the site including energy supplied to adjacent building, but consumptions are only for National Library buildings. A Carbon Reduction Plan is being updated jointly 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 site is composted on site. The quantity of this waste is not measured.

6 POLICIES RELATING TO STAFF

6.1 Living Wage

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

6.2 Recruitment and Retention of Staff

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

6.3 Employment of Disabled People

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

6.4 Consultation with Employees

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

6.5 Remuneration Report

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

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 leads to 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 members of staff.

The salaries of the Chief Executive and Librarian and the two Directors and Deputy Chief Executives have been included as part of the pay remit negotiations in relation to all Library staff. The Chief Executive and Librarian during the year had a fixed term employment contract and the two Directors/Deputy Chief Executives had permanent contracts. All three are ordinary members of the Library's pension scheme.

The pay remit is approved by the Welsh Government. 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 members of the Executive Team is 3 months. Provision for compensation for early termination is contained within the Library's standard redundancy agreement.

7 PLANS FOR FUTURE PERIODS

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

The key strategic objectives have been set as follows:-

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

Within the strategic plan, long term targets have been set for the period 2017-2021, we will aim to: -

- Maintain our existing core services and delivery as a national Legal Deposit Library based on a stable baseline in our grant from the Welsh Government over the 4 years;
- Continue to promote and encourage the use of Welsh in all our internal and external activities, and comply with our statutory duties to deliver the Welsh language standards agreed with the Welsh Language Commissioner;
- Establish a Strategic Partnership with Cadw, AC-NMW, RCAHMW and Trades Unions to develop Historic Wales by July 2017;
- Implement an initial strategy to deliver the statutory requirements of the Future Generations (Wales) Act by December 2017;
- Complete a Skills Audit and Development Programme, and implement a People Strategy and Workforce Development Plan by 2018;
- Complete a scoping report on the establishment of a National Archive for Wales by March 2019;
- Implement a National Digital Preservation Strategy in a leadership role for Wales by 2019;
- Continue to contribute digital educational resources for Y Hwb; deliver the People's Collection Wales in partnership, and support the delivery of the Cymru'n Cofio Wales Remembers 1914-1918 Commemoration Programme, increasing our output by 10% by 2019;
- Enhance the technical infrastructure and content of the Dictionary of Welsh Biography, working in partnership with the Centre for Advanced Welsh and Celtic Studies, by 2019;
- Complete a major capital programme and develop a new Asset Management Plan by 2020;
- Continue to extend our marketing and user engagement strategies, supporting the Year of Legends in 2017 and the Year of the Sea in 2018. increasing the number of people visiting the Library and engaging in activities by 15% by 2021;
- Increase commercial income, grants and donations to raise £1 million annually by 2021;
- Double our digital usage to 3 million visits by 2021;
- Double the number of digital items to 10 million by 2021;
- Increase our outreach and engagement work for the Fusion Programme by 20% by 2021;
- Develop a strategic relationship with BBC Cymru Wales, S4C and ITV Wales to preserve and provide access to broadcast material by 2021;
- Maintain our Customer Service Excellence Standard accreditation and our Visit Wales Gold standard until 2021;
- Continue to work with Wikimedia UK to develop and embed digital engagement with our open content on Wikipedia and other third-party platforms to increase views of the Library's content to 250 million by 2021 and actively contribute to the development of Welsh language content on Wicipedia.

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

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

Trustees

The Trustees have complied with their duties 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.



Pedr ap Llwyd
CHIEF EXECUTIVE & LIBRARIAN
19 July 2019



Lee Yale-Helms
TREASURER
19 July 2019

STATEMENT OF BOARD AND LIBRARIAN'S RESPONSIBILITIES

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

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

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

The Principal Accounting Officer for Ministers of the Welsh Government has designated the Librarian as the Accounting Officer for the Library. His or her relevant responsibilities as Accounting Officer, including his or her responsibility for the propriety and regularity of the public finances for which he or 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 he ought to have taken to make himself aware of any audit information and to establish that the auditors are aware of that information.



Pedr ap Llwyd
CHIEF EXECUTIVE & LIBRARIAN
19 July 2019

Endorsed on behalf of the Board by:



Lee Yale-Helms
TREASURER
19 July 2019

The Certificate and independent auditor's report of the Auditor General for Wales to the National Assembly for Wales

Report on the audit of the financial statements

I certify that I have audited the financial statements of the National Library of Wales for the year ended 31 March 2019 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, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2019 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the National Library of Wales in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Trustees and Librarian as Accounting Officer have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the National Library of Wales' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board of Trustees and Librarian as Accounting Officer are responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information 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 report.

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.

Report on other requirements

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 Museum and Galleries Act 1992.

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

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with HM Treasury guidance; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Report has been prepared in accordance with applicable legal requirements;

Matters on which I report by exception

In the light of the knowledge and understanding of the National Library of Wales and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report or the Governance Statement.

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

- 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 the information and explanations I require for my audit; or

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the Board of Trustees and Librarian for the financial statements

As explained more fully in the Statement of Board of Trustees and Librarian's Responsibilities, the Board and Librarian as Accounting Officer are responsible for preparing the financial statements, in accordance with the Museums and Galleries Act 1992 and Welsh Ministers directions made there under, for being satisfied that they give a true and fair view and for such internal control as the Board and Librarian determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board and Librarian are responsible for assessing the National Library of Wales' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Responsibilities for regularity

The Librarian is responsible for ensuring the regularity of financial transactions.

I obtain sufficient evidence 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.



Adrian Crompton
Auditor General for Wales
5 August 2019

24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and accuracy of the National Library of Wales' website is the responsibility of the Chief Executive and Librarian and Accounting Officer; the work done by auditors does not take these matters into consideration and therefore the auditors do not accept responsibility for any changes made to the financial declarations since they were presented on the website

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2019

	Notes	PUBLIC FUNDS		PRIVATE FUNDS		2018/19	2017/18
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
Income:							
Donations and legacies	15b	-	-	329	321	650	79
Charitable activities:							
Government Grants	2	9,835	3,699	-	-	13,534	13,128
Other Grants	3	-	268	-	20	288	216
Other trading activities	4	613	-	-	-	613	686
Investment income	15b	-	-	235	4	239	225
Total Income		10,448	3,967	564	345	15,324	14,334
Expenditure:							
Costs of raising funds	5	945	103	40	1	1,089	999
Charitable activities:							
Collection	5	2,238	364	-	-	2,602	2,682
Giving Access & Information	5	3,013	569	2	-	3,584	3,556
Publicising & Interpretation	5	1,478	395	-	25	1,898	1,940
Conservation & Preservation	5	3,165	447	-	-	3,612	3,578
Governance	5	853	93	-	-	946	880
Total expenditure		11,692	1,971	42	26	13,731	13,635
(Gain)/ Loss on disposal of fixed assets		-	11	-	-	11	77
(Gain)/ Loss on disposal of assets intended for investments	15b	-	-	(79)	(1)	(80)	(252)
Pension Finance Costs	22d	300	-	-	-	300	230
Total expenditure		11,992	1,982	(37)	25	13,962	13,690
Net income/ (expenditure)		(1,544)	1,985	601	320	1,362	644
Gross transfers between funds	15	61	(148)	148	(61)	-	-
		(1,483)	1,837	749	259	1,362	644
Other recognised gains/ (losses):							
Unrealised gains/ (losses) on investment	15b	-	-	285	5	290	(80)
Tangible Fixed Assets Revaluation, Indexation and impairment	10	-	1,186	-	-	1,186	4,736
Actuarial gains(losses) on defined benefit pension scheme	22e	4,360	-	-	-	4,360	(2,140)
Total gains/ (losses)		4,360	1,186	285	5	5,836	2,516
NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR		2,877	3,023	1,034	264	7,198	3,160
FUND BALANCES BROUGHT FORWARD AT 1 APRIL	15	(11,975)	80,618	10,965	6,556	86,164	83,004
FUND BALANCES CARRIED FORWARD AT 31 MARCH	15	(9,098)	83,641	11,999	6,820	93,362	86,164

All activities are continuing. All recognised gains and losses are recorded in the Statement of Financial Activities. The notes on pages 30 to 49 form part of these accounts. There is no endowment income or expenditure to report.

BALANCE SHEET AS AT 31 MARCH 2019

		31 st March 2019		31 st March 2018	
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible Assets	10	65,908		64,404	
Intangible Assets	10	595		666	
Heritage Assets	12	20,982		20,483	
Investments	11	11,737		11,165	
			99,222		96,718
CURRENT ASSETS					
Stocks		44		40	
Debtors	13	1,151		1,205	
Bank		3,745		1,386	
		4,940		2,631	
CREDITORS					
Amounts falling due within one year	14	(1,010)		(575)	
NET CURRENT ASSETS					
			3,930		2,056
Amounts falling due after more than one year	14		-		-
Net assets excluding pension scheme liability			103,152		98,774
Defined benefit pension asset (liability)	22		(9,790)		(12,610)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY					
			93,362		86,164
FUNDS					
	15				
Public Unrestricted		692		635	
Pension Reserve		(9,790)		(12,610)	
Total Public Unrestricted Funds		(9,098)		(11,975)	
Public Restricted (exc Revaluation Reserve)		58,426		56,589	
Revaluation Reserve		25,215		24,029	
Private Unrestricted		11,999		10,965	
Private Restricted		213		200	
Private Restricted Collections		6,607		6,356	
			93,362		86,164

The trustees have prepared the accounts in accordance with section 132 of the Charities Act 2011.
The notes on pages 30 to 49 form part of these accounts.

Pedr ap Ilyd

Pedr ap Llwyd
CHIEF EXECUTIVE AND LIBRARIAN
19 July 2019

Lee Yale-Helms

Lee Yale-Helms
TREASURER
19 July 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

		2018/19		2017/18	
		£000	£000	£000	£000
Cash generated from operating activities	17		4,337		3,112
Cash flows from investing activities: -					
Purchase of tangible and intangible fixed assets	10	(1,527)		(1,696)	
Purchase of heritage assets	12	(248)		(202)	
Proceeds from sale of investments	11	315		1,485	
Purchase of Investments	11	(746)		(1,030)	
Net cash provided by (used in) investing activities			(2,206)		(1,443)
Increase/(Decrease) in Cash and cash equivalents in the year			2,131		1,669
Cash and cash equivalents at the beginning of the year			3,644		1,975
Total cash and cash equivalents at the end of the year	18		5,775		3,644

The notes on pages 30 to 49 form part of these accounts.

NOTES TO THE ACCOUNTS AT 31 MARCH 2019

I ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities SORP (FRS 102), and the 2000 Accounts Direction issued to the Library by the Welsh Government. The accounts are prepared on a going concern basis.

The National Library of Wales meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note (s).

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

(b) Incoming Resources

All income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item have been met, it is probable that the income will be received and the amount can be measured reliably.

All Grant-in-Aid from Welsh Government is recognised in the SOFA on a receivable basis. Other grants of a more specific nature are recognised on a receivable basis when grant conditions are met.

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

Fund Accounting

Unrestricted funds (public and private) are available to spend on activities that further any of the general objectives of the Library. Public restricted funds represent Capital and Purchase Grants received from the Welsh Government for specific purposes.

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

(c) Expenditure

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

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

(d) Investments

Investments are stated at market value at the balance sheet date. Gains and losses on disposal are credited or charged to the Statement of Financial Activities. Movements in the market value of investments held at the year-end are also reflected in that statement in accordance with the Charities SORP (FRS 102).

(e) Tangible and Intangible Assets

Individual plant, machinery, equipment and motor vehicles costing £5,000 or more are capitalised at cost, unless the equipment forms part of a group of assets, network or project where the value is over £5,000. Assets are depreciated over their estimated useful lives on a straight line basis. All items of a capital nature costing in excess of £5,000 are capitalised. Items of a capital nature costing less than £5,000 are not capitalised and are written off in-year. Non-property assets (i.e. plant & vehicles, and fixtures, fittings & equipment) are held at historic cost and not indexed as these assets have short useful economic lives or low values (or both). This is considered to provide a more reliable, appropriate and relevant representation of the fair value of these assets. Further details are provided in Note 10.

Land and buildings assets are professionally valued every five years on the basis of their current value in existing use assuming that the properties would be sold as part of a continuing business and are revalued using an index in the intervening period. Revaluation gains are recognised in the Statement of Financial Activities under gains/(losses) on the revaluation of fixed assets, except to the extent to which they offset any previous write off of expenditure in the Statement of Financial Activities, in which case the gain is reversed against the relevant expenditure heading. Revaluation losses are recognised as an expense under the relevant expenditure heading in the Statement of Financial Activities except to the extent to which they offset any previous revaluation gains, in which case the loss is shown under gains/(losses) on the revaluation of fixed assets. Routine maintenance work in respect of these properties is noted as revenue cost in the year in which it is undertaken.

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

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

Freehold land is not depreciated.

Collection Purchases are not depreciated (see Heritage Assets (f)).

Intangible assets with an economic life of more than one year and value greater than £5,000 are capitalised. All intangible assets are measured at cost. Intangible assets are amortised on a straight line basis over a period of 10 years.

(f) 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.

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

(g) Stocks

The cost of stocks of re-saleable items has been recognised in the balance sheet at the lower of cost or net realisable value. No value is given on assets produced historically by the Library where there is a restricted market for the goods or goods have impaired.

(h) Pension Costs

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

(i) Staff holiday pay

At the year end, staff holiday entitlements that has not yet taken and which is carried forward to the next financial year have been provided for in the accounts in line with FRS 102 requirements.

(j) Taxation

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

(k) Going Concern

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

2. GOVERNMENT GRANTS

	2018/19	2017/18
	£000	£000
Unrestricted		
Grant-in-Aid	9,835	9,980
Restricted		
Capital - Purchase Grant	200	200
Capital – Digital Development Grant	64	105
Capital - General	3,000	2,300
Digital Libraries	166	198
People’s Collection Wales	120	120
ARCW	129	125
First World War Commemoration	20	20
Welsh in Education – Wikipops	-	40
National Assembly Secondment	-	40
Total grant received from Welsh Government	13,534	13,128

3. OTHER GRANTS

	2018/19	2017/18
	£000	£000
Restricted public fund		
European Union Grants	54	9
National Lottery Heritage Fund - Cynefin	-	21
British Film Institute	53	30
National Lottery Heritage Fund – First World War	-	10
National Lottery Heritage Fund – National Broadcast Archive	73	87
National Lottery Heritage Fund – Save Our Sounds	54	-
Other minor grants	34	12
	268	169
Unrestricted private funds		
Scottish Power Trust	-	22
Colwinston Trust	-	10
Cymrododdion	-	5
Friends of the National Libraries	20	10
Total grants to the unrestricted private funds	20	47
Total other grants	288	216

4. INCOME FROM OTHER TRADING ACTIVITIES

	2018/19	2017/18
Unrestricted public income	£000	£000
Catering	232	228
Shop income	116	102
Events	33	28
Consultancy and systems	30	27
Income generated from collections	34	66
Licensing and royalties	32	61
Miscellaneous	118	158
Car Park	18	16
Total	613	686

5. ANALYSIS OF EXPENDITURE

	Staff Costs	Other direct costs	Depreciation amortisation	2018/19 TOTAL	2017/18 TOTAL
	£000	£000	£000	£000	£000
Cost of raising funds	478	508	103	1,089	999
Charitable Expenditure					
Collection	1,612	747	243	2,602	2,682
Giving Access & Information	2,474	783	327	3,584	3,556
Publicising & Interpretation	1,352	385	161	1,898	1,940
Conservation & Preservation	3,009	260	343	3,612	3,578
Governance	576	277	93	946	880
	9,501	2,960	1,270	13,731	13,635

6. NET INCOME/ (EXPENDITURE) FOR THE YEAR

	2018/19	2017/18
This is stated after charging:	£000	£000
Depreciation and amortisation	1,270	1,316
External Auditor's remuneration	33	32
Internal audit fees	13	17
Investment management fees	41	39

7. ANALYSIS OF SUPPORT COSTS

The Library initially identifies the costs of its support functions. It then identifies those costs which relate to its 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	Governance	Collection	Giving Access & Information	Publicising & Interpretation	Conservation & Preservation	Total
	£000	£000	£000	£000	£000	£000	£000
Exec Support	2	2	8	12	6	14	44
Finance	19	15	41	52	27	44	198
HR	15	13	34	44	23	39	168
ICT	87	78	214	292	153	287	1,111
Building	217	164	414	494	243	333	1,865
Other	2	2	7	11	6	14	42
	342	274	718	905	458	731	3,428

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

(a) Total Staff Costs

	2018/19		2017/18	
	£000	£000	£000	£000
Salaries and Wages		6,052		6,087
Social Security Costs (including Apprenticeship Levy)		565		574
Pension Cost				
Current Service Cost	1,612		1,616	
Deficit Contribution for past service cost	32		24	
FRS102 current service cost adjustment	1,240		1,170	
		2,884		2,810
Wages as noted in note 5		9,501		9,471
FRS102 finance interest charge (see note 22d)		300		230
Total		9,801		9,701

There were no agency or short term contractors employed.

Other than the staff noted in 8c, there were no members of staff who earned over £60,000 (2017/18- Nil).

(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. 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 employer contribution to the scheme for the period amounted to £1.6m (2017/18 £1.6m). The assets of the Scheme are held separately from those of the Library and were invested with Legal and General until February 2018 when they were transferred to Blackrock. The 31 March 2016 actuarial valuation showed that the market value of the Scheme's assets was £56.5m and that the actuarial value of those assets amounted to 99% of the value of the liabilities of the Scheme. Note 22 provides further information on the finances of the pension scheme to comply with the requirements of FRS102. The actuarial statement is published in the National Library of Wales' Pension Fund Annual Accounts. Welsh Government granted in 2006/07 a Crown Guarantee which exempts the Scheme from the Pension Protection Fund and the associated levy.

(c) Remuneration of Executive Team

Membership of the Executive Team is noted on page 2 (Reference & Administrative Details). The Executive Team's terms and conditions is indicated in Section 6 of the Trustee Report (6.5).

The Librarian's salary was 3.79 times the median salary (£24,290) of the Library. Other senior staff receive a gross salary, which is determined as part of the negotiation of the pay remit for all other staff in the Library.

The value of pension benefits is calculated as follows:

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

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

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

The National Library of Wales Staff Superannuation Scheme is a funded final salary scheme. The accrued pensions and lump sums are the amounts that would be paid from Normal Retirement Date if the member left service at the relevant date. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits, including any Additional Voluntary Contributions and transfers in of service, accrued by the member at a particular point in time. The transfer values have been calculated in accordance with the guidance note "GN11" published by the Institute of Actuaries and Faculty of Actuaries. The assumed rate of price inflation was 2.4% (2017/18 3%).

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

	2018/19				2017/18			
	Consolidated Salary	Unconsolidated Salary	Real Increase (decrease) in Pension Benefits	Single Total Figure of Remuneration	Consolidated Salary	Unconsolidated Salary	Real Increase (decrease) in Pension	Single Total Figure of Remuneration
	£	£	£	£	£	£	£	£
Ms L Tomos Chief Executive and Librarian	92,025	-	24,850	116,875	92,025	-	26,000	118,025
Mr. DH Michael Director and Deputy Chief Executive and Librarian	74,643	2,899	8,036	85,578	74,643	2,319	24,208	101,170
Mr P ap Llwyd – Director and Deputy Chief Executive and Librarian	74,643	1,739	13,330	89,712	74,643	1,733	25,310	101,686

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 31/3/18	Total Accrued Pension at 31/3/19	Lump Sum at 31/3/19	Cash Equivalent Transfer Value at 31/3/19	Increase in accrued pension net of inflation	Increase in lump sum net of inflation	Increase (Decrease) in transfer value net of inflation
	£	£	£	£	£	£	£
Ms L Tomos Chief Executive and Librarian	61,190	3,920	11,760	87,780	1,080	3,250	25,120
Mr DH Michael Director and Deputy Chief Executive and Librarian	483,620	22,540	67,620	531,440	440	1,330	36,210
Mr P ap Llwyd - Director and Deputy Chief Executive and Librarian	373,350	16,040	48,120	403,830	580	1,730	21,520

(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.

(e) Severance

No settlement payments were made in 2018-19 (2017/18: £26,251).

(f) Board emoluments

The Board do not receive any emoluments. The total amount of travel, subsistence, and hospitality expended by the Library for its Board and committee members was £7,634 (2017/18 £7,193), this was claimed by 13 members (2017/18: 13 members).

9. STAFF NUMBERS

The average monthly head count was 255 (2017/18: 255) and the average full time equivalent staff employed by the Library (including casual and part-time staff) during the year were as follows:

Staff Numbers	2018/19	2017/18
Fundraising trading	11.2	12.1
Collection	38.1	43.7
Giving Access and Information	58.3	34.9
Publicising and Interpretation	31.4	30.6
Conservation & Preservation	71.9	98.4
Governance	13.5	9.2
Total	224.4	228.9

10. TANGIBLE AND INTANGIBLE ASSETS

A. Tangible Assets

	Freehold Land & Buildings £000	Plant, Fittings & Equipment £000	Computer equipment * £000	Total £000
Cost & Valuation				
At 1 April 2018	63,051	2,574	3,248	68,873
Additions	1,120	207	107	1,434
Disposals	-	(138)	(6)	(144)
Indexation	1,207	-	-	1,207
At 31 March 2019	65,378	2,643	3,349	71,370
Depreciation				
At 1 April 2018	938	1,759	1,772	4,469
Charged for the year	651	119	336	1,106
Disposals	-	(128)	(6)	(134)
Indexation	21	-	-	21
At 31 March 2019	1,610	1,750	2,102	5,462
Net Book Value				
At 31 March 2019	63,768	893	1,577	65,908
At 31 March 2018	62,113	815	1,476	64,404

* See note 10c for further information in respect of a reclassification of digital developments costs from tangible to intangible assets.

The Library received a valuation as at 31st of March 2017 on the Library's freehold buildings and land by Cooke and Arkwright, Chartered Surveyors. Their valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. Buildings have been valued on the basis of "open market value" or "depreciated replacement cost", and land is shown at "existing use value". No buildings impairment has been recorded since the last valuation. Freehold building valuations have been indexed according to the BCIS All-In TPI.

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

B. Intangible Assets

	Digital development*
	£000
Cost	
At 1 April 2018	993
Additions	93
At 31 March 2019	<u>1,086</u>
Amortisation	
At 1 April 2018	327
Charged for the year	164
At 31 March 2019	<u>491</u>
Net Book Value	
At 31 March 2019	595
At 31 March 2018	<u><u>666</u></u>

* See note 10c for further information in respect of a reclassification of digital development costs from tangible to intangible assets.

C. Prior Period Adjustment

As noted above, the Library has reclassified certain elements of digital development from tangible to intangible fixed assets. This has resulted in a prior period adjustment and a restatement to the opening balances of these assets as at 1 April 2017, the start of the comparative accounting period. There was no other adjustment to carrying values, reserves or any other financial statement figures as a result of this reclassification.

II. INVESTMENTS

	2018/19	2017/18
	£000	£000
Market Value at 1 April	8,907	9,190
Acquisitions at Cost	746	1,030
Less: Disposal Proceeds and Maturity of Investments	(315)	(1,485)
Gain on Disposal	80	252
Unrealised gain/(loss) on revaluation	290	(80)
Market Value at 31 March	9,708	8,907
Cash held for investment	2,029	2,258
Total investment valuation	11,737	11,165

The historic cost of investments at 31 March 2019 was £9.868m (2017/18 £9.586m).

The assets were invested as follows: -

	Gilts, bonds, debentures & preference	Unit trusts, overseas equities, property & alternative assets	UK equities directly invested on UK stock market	Cash	Total
	£'000	£'000	£'000	£'000	£'000
No1 portfolio	1,725	4,563	2,693	539	9,520
No2 portfolio	478	181	78	1,480	2,217
	2,203	4,744	2,771	2,019	11,737

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 one particular sector of the investment spectrum – i.e. a balance will be struck between the amount of bonds, equities, cash and other investments including property, and UK and non-UK investments.
- **Quality of investments** – the Library will only consider high quality investments such as gilts and investment grade bonds, or FTSE 350 equities and collectives.

12. HERITAGE ASSETS

Purchases for the Heritage Assets are capitalised at historic cost.

Acquired or donated during the year:

	Books	Subscription	Pictures Manuscripts & Maps	Others	Digital Collections	NSSAW	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 01/04/18	1,874	2,700	10,825	380	4,370	334	20,483
Additions	47	55	142	-	-	4	248
Donations	4	-	239	-	-	8	251
At 31/03/19	1,925	2,755	11,206	380	4,370	346	20,982

Five Year financial summary of additions:

	2018/19 £'000	2017/18 £000	2016/17 £000	2015/16 £000	2014/15 £000
Books	51	47	38	63	81
Subscription	55	48	53	109	63
Pictures, Manuscripts & Maps	381	148	249	249	137
Digital Collection	-	-	-	-	194
NSSAW	12	6	9	29	6
Total Additions	499	249	349	450	481

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

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

- **Printed material:** ranging from *Yny lhyvyr hwnn*, the first Welsh-language book (printed in 1546) to programmes of local events, such as concerts and shows.
- **Manuscripts and archives:** including priceless items from the Middle Ages, such as the Book of Llandaf, the Hengwrt Chaucer manuscript and the Black Book of Carmarthen.
- **Maps:** Both antiquarian and modern and atlases, Ordnance survey maps, sea charts, maps of farms, estates and tithe maps, railway and public utility plans.
- **Pictures:** portraying people and places in Wales including, paintings, prints, engravings and other pictures.
- **Photographs:** the works of Mary Dillwyn, John Thomas, D.C. Harries and Geoff Charles.
- **Electronic resources and digital images:** New and created mainly by the Library the collections include over 5 million images.
- **The National Screen and Sound Archive of Wales** houses 250,000 hours of sound recordings, 300,000 hours of moving images, 7 million feet of film, 200,000 items from the ITV film and TV archive and 15km unique archive.

No salaries were capitalised in the period.

13 DEBTORS – due within one year

	31st March 2019	31 st March 2018
	£000	£000
Trade Debtors	61	25
VAT repayment due	181	329
Prepayments *	493	767
Other Debtors & Accrued Income	84	43
Private Funds Accrued Income	332	41
	1,151	1,205

* includes £nil (2017/18: £400k) prepayment to the Pension Scheme.

14 (a) CREDITORS - Falling due within one year

	31st March 2019	31 st March 2018
	£000	£000
Trade Creditors	466	45
Accruals and deferred income	354	326
Invest to Save *	-	25
Private Funds deferred income	5	31
Holiday pay accrual	185	148
	1,010	575

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

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

There are no creditors falling due after more than one year.

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

	At 1 April 2018	Incoming Resources	Resources Expended	Other Movements In Year	At 31 March 2019
	£000	£000	£000	£000	£000
PUBLIC FUNDS					
Unrestricted – Public Pension	(12,610)	-	(1,540)	4,360	(9,790)
Unrestricted	635	10,447	(10,452)	62	692
	(11,975)	10,447	(11,992)	4,422	(9,098)
Restricted: -					
Capital and digital development	48,242	3,064	(1,282)	(256)	49,768
Revaluation Reserve*	24,029	-	-	1,186	25,215
Other restricted funds	90	703	(700)	108	201
Purchase grant funds	8,257	200	-	-	8,457
Total restricted public funds	80,618	3,967	(1,982)	1,038	83,641
TOTAL PUBLIC FUNDS	68,643	14,415	(13,974)	5,459	74,543

*Revaluation reserve has been calculated based on the revaluation to assets since 1999 in line with FRS 102 requirement for separate identification of revaluation reserve. Revaluations prior to 1999 are not included in this reserve.

Other movements in the year £5,459k include:-

- Tangible Fixed Asset Revaluation, Indexation and impairment - £1,186k
- Actuarial gains / (losses)– £4,360k

b. PRIVATE FUNDS (including collections)

	Unrestricted	Restricted	Collection	Total	Total
	£000	£000	£'000	2018/19	2017/18
	£000	£000	£'000	£000	£000
Income					
Donations and Bequests	329	70	251	650	79
Grants received	-	20	-	20	47
Interest Receivable	235	4	-	239	225
Total	564	94	251	909	351
Resources Expended					
Costs of raising funds	40	1	-	41	40
Private project expenditure	2	25	-	27	81
(Profit) / loss on sale of investments	(79)	(1)	-	(80)	(252)
Total	(37)	25	-	(12)	(131)
Net Incoming/ (Outgoing) Resources	601	69	251	921	482
Transfers	148	(61)	-	87	(39)
	749	8	251	1,008	443
Unrealised(loss)/ gain on investments	285	5	-	290	(80)
Net movement in private funds during the year	1,034	13	251	1,298	363
Brought forward at 1 April	10,965	200	6,356	17,521	17,158
Carried Forward at 31 March	11,999	213	6,607	18,819	17,521

The total of private restricted and collection funds represents total restricted private funds of £6,820k.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Unrestricted	Restricted	Total
	public	public	private	private	
	£'000	£'000	£'000	£'000	£'000
Fixed Assets	-	80,878	11,526	6,818	99,222
Cash at bank and in hand	635	2,967	141	2	3,745
Other net current assets/ (liabilities)	57	(204)	332	-	185
Creditors of more than one year	(9,790)	-	-	-	(9,790)
Total	(9,098)	83,641	11,999	6,820	93,362

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

	2018/19	2017/18
	£000	£000
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	1,362	645
Profit on sale of investment/ fixed asset	(69)	(175)
FRS102 Interest Pension Adjustment	300	230
Depreciation and amortisation charges	1,270	1,316
(Increase)/ Decrease in stock	(4)	4
Asset donations (non-cash)	(251)	(47)
(Increase)/ Decrease in debtors	54	(23)
(Decrease)/ Increase in creditors	435	(8)
Pension current service cost adjustment	1,240	1,170
Net cash flow from operating activities	4,337	3,112

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

	2018/19	2017/18
	£000	£000
Bank account balances	3,745	1,386
Bank accounts held within investments	2,030	2,258
Net Funds at 31 March	5,775	3,644

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 - £7,923 (2017/18: £759)

There were no related party transactions with board members during the year. Mr Huw Williams, a board member to 31 March 2018, is a partner at Geldards LLP who are one of the Library's nominated legal advisors. There were no payments (2017/18: £14,297) made to Geldards during 2018/19 in respect of services rendered.

Mr David Michael, Director and Deputy Chief Executive and Librarian, is an independent member of the National Lottery Heritage Fund Audit Committee. During 2018/19 the Library received grant income of £127,000 from the National Lottery Heritage Fund (2017/18: £108,000).

Details of expenditure in respect of board member travel, subsistence and hospitality are disclosed in Note 8(f).

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

At 31 March 2019, the Library had consolidated debtors and creditors with other Government financed bodies as follows:

	Debtors £000	Creditors: due in 1 year £000	Creditors: more than 1 year £'000
Central Government bodies	183	260	-
Local Government bodies	-	-	-
Non-Government Bodies	968	750	-
Total	1,151	1,010	-

20. FINANCIAL INSTRUMENTS – RISK DISCLOSURE

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 2018/19, £13.534m or 88% of the Library's consolidated income derived from the Welsh Government (2017/18 £13.128m or 92%). The balance, £1.8m or 12% (2017/18 £1.2m or 8%) is derived from income on the Library's private funds (note 15b), from trading activities (note 4) and grants from other bodies as disclosed in Note 3 to these accounts.

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

21. LEASES

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

22. PENSION COSTS

The Library operates a defined benefit scheme with benefits accruing at the rate of 1/80th of pensionable salary for each year of service. The latest full actuarial valuation was at 31 March 2016 and it was assessed that the Scheme was 99% funded, with a deficit of £370,000. The Library agreed to pay the historical deficit over the next 15 years in annual payments of £32,000. This arrangement started on the 1st of July 2017 and £32,000 historical deficit was paid in the current year (2017/18: £24,000).

During 2018/19, the Library contributed 27.2% of pensionable salaries and expected employer contributions for 2018/19 are £1.6 million as well as £32,000 of deficit contribution.

(a) Development of the Net Balance Sheet Position

	31 March 2019 £m	31 March 2018 £m
Fair value of assets (22b)	73.18	70.33
Actuarial value of scheme liabilities (22c)	82.97	82.94
Pension (liability) recognised in balance sheet	(9.79)	(12.61)

(b) Changes in the fair value of plan assets

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£m	£m
Scheme assets at beginning of year	70.33	68.31
Benefit paid from plan assets	(2.18)	(1.91)
Employer contributions	1.64	1.64
Members' contributions	0.10	0.08
Administrative costs	(0.09)	(0.13)
Interest income on Scheme Assets	1.79	1.91
Return on scheme assets greater/(less) than discount rate	1.59	0.43
Scheme assets at end of year – (22a)	73.18	70.33

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

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£m	£m
Scheme liabilities at beginning of year	82.94	77.38
Interest cost on the DBO	2.09	2.14
Effect of employee services in the current period	2.79	2.68
Member contributions	0.10	0.08
Benefit paid from plan assets	(2.18)	(1.91)
Remeasurement on the DBO/ change of assumptions	(2.77)	2.57
Scheme liabilities at end of year – (22a)	82.97	82.94

(d) Amounts charged to SOFA (Total expenditure)

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£m	£m
Effect of employee services in the current period	2.79	2.68
Net interest on net defined benefit liability/ (asset)	0.30	0.23
Defined benefit cost recognised in P&L	3.09	2.91
Administration costs during the period	0.09	0.13
Total cost recognised in SOFA	3.18	3.04

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

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£m	£m
Return on scheme assets (greater)/ less than discount rate – (22b)	(1.59)	(0.43)
Actuarial loss/(gain) arising during period – (22c)	(2.77)	2.57
Total actuarial loss/(gain) recognised in reserves	(4.36)	2.14

(f) Total defined benefit cost

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£m	£m
Total cost recognised in SOFA – (22(d))	3.18	3.04
Remeasurement effect recognised in reserves (22(e))	(4.36)	2.14
Defined benefit cost	(1.18)	5.18

(g) Reconciliation of Net Balance Sheet Position

	Year Ended 31 March 2019	Year Ended 31 March 2018
	£m	£m
Net defined (liability) at beginning of year	(12.61)	(9.07)
Effect of employee services in the current period (22c)	(2.79)	(2.68)
Net interest on net defined benefit liability/ (asset)	(0.30)	(0.23)
Remeasurement effect recognised in reserves (22(e))	4.36	(2.14)
Employer contributions (22b)	1.64	1.64
Administrative costs (22b)	(0.09)	(0.13)
Scheme liabilities at end of year – (22a)	(9.79)	(12.61)

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

	31 March 2019		31 March 2018	
	£m	%	£m	%
Equities	40.39	55.2	42.90	61.0
Bonds	22.69	31.0	27.57	39.2
Property and other	10.10	13.8	(0.14)	(0.2)
Total value of assets	73.18		70.33	

(i) Financial Assumptions

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

	31 March 2019	31 March 2018
	%per annum	%per annum
Price Inflation	2.60	2.45
Rate of Salary Increase	2.60	2.45
Rate of increase of pensions in payment*	2.60	2.45
Discount rate**	2.90	2.55

* 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 2016. The requirement to use the Treasury's discount rate for the FRS102 disclosure will result in the financial position of the Scheme being assessed differently under this measure in comparison to the method used in the formal actuarial valuation of the Scheme.

23. CAPITAL COMMITMENTS

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

	31 March 2019	31 March 2018
	£000	£000
Contracted –building work on Bookstack I North	1,115	1,149
Contracted –chiller replacement	21	68
	1,136	1,217

24. POST BALANCE SHEET EVENTS

There were no material post balance sheet events up to the date on which the accounting statements were authorised by the Accounting Officer on 19 July 2019, which would have meant that the accounts had to be adjusted.