



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

**ANNUAL ACCOUNTS 2021-22**

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## Reference and Administrative Details

### Board of Trustees (from 1 April 2021, and since the year end)

#### Appointed by the Welsh Government:

Meri Huws (Vice President and interim President, resigned 9 August 2021) ^

Ashok Ahir (interim President, appointed 13 September 2021; permanent appointment effective from 1 April 2022) ^

Andrew Evans (Vice President effective from 1 April 2022)

Michael Cavanagh

Quentin Howard +

Dr Carl Williams +

David Hay ^

Lydia Rumsey \*

Dr Janet Wademan \*

#### Appointed by the National Library of Wales:

Lee Yale-Helms (Treasurer) \* +

Eleri Twynog Humphries (to 30 June 2021)^

Dr Gwenllian Lansdown Davies \*

Dr Anwen Jones

Dr Elin Royles \*

Susan Davies ^

Professor Elaine Treharne +

Peter Florence (from 1 July 2021 to 3 August 2021)

Hannah Lindsay (from 1 February 2022) ^

**\* Members of the Audit, Risk and Assurance Committee**

**+ Members of the Finance and Resources Committee**

**^ Members of the Performance and Quality Committee**

#### Independent External Members of the Audit, Risk and Assurance Committee:

Rhian Evans

Huw Lloyd Jones (from November 2021)

#### Co-opted members of the Finance and Resources Committee:

Hywel Tudor

Dr Ieuan Griffiths (from November 2021)

**Executive Team Members:****Chief Executive and Librarian, and Accounting Officer**

Pedr ap Llwyd

**Director of Corporate Resources**

David Michael

**Director of Collections and Digital Services**

Dr Owain Rh Roberts

**Principal Advisers:**

Bankers

National Westminster Bank, Aberystwyth

Solicitors

Geldards LLP, Cardiff

Humphreys Roberts & Bott, Aberystwyth

Hugh James, Cardiff

Darwin Gray, Cardiff

External Auditors

Audit Wales, Cardiff

Internal Auditors

Welsh Government Internal Audit Services

Investment Brokers

Investec Wealth and Investment, London

Actuarial and Pensions

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 National Library of Wales is exempt from corporation tax under Section 505 of the Income and Corporation Taxes Act 1988

## Annual Governance Statement

### Statutory Background

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

The Library is also a registered charity and a Welsh Government Sponsored Body. It is funded by a combination of grant in aid allocated by Welsh Government, and income secured through its commercial, fundraising and charging activities. The Library's grant in aid allocation and conditions are set out in the remit letter from the Deputy Minister.

The Library's 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 balancing fulfilling the objects of its Charter and charitable status, which reflects its foundation purpose, and the principles of arms-length government. The Library's 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".

### Statement of the Board of Trustees' and Accounting Officer's responsibilities

The Library is required under its Royal Charter and sections 8 (1) and 8 (2) of its Statutes to prepare annual accounts, and to prepare and publish a report upon the affairs and position of the Library during the preceding year including such information as the Trustees from time to time determine.

The Library must prepare its accounts in accordance with the Accounts Direction issued by the Welsh Ministers, Section 9(4) of the Museums and Galleries Act 1992 and the Charities Statement of Recommended Practice.

The Library is accountable to the Welsh Government for the public funds it receives through the *Framework Agreement*, through regular monitoring meetings with its sponsor body, via the annual audit of the Library's accounts by Audit Wales, the Library's statutory auditors.

The Chief Executive and Librarian is the designated Accounting Officer for the National Library of Wales. His responsibility as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for keeping proper records, for safeguarding the Library's assets, and for the preparation of the annual report and accounts, are set out in the Accounting Officer's Memorandum issued by the Treasury.

#### I. Scope of Responsibility

The Accounting Officer and Trustees have collective responsibility for maintaining a sound governance framework and system of internal control that supports the achievement of the Library's vision, aims and objectives, while safeguarding the public funds and assets for which they are responsible, in accordance with the responsibilities assigned to them in *Managing Welsh Public Money* (2016).

These responsibilities are also outlined in the *Framework Document* drafted by the Welsh Government, which regulates the relationship between the Welsh Government and the Library, a revised version of which was received by the Board of Trustees at its meeting in January 2022.

The Board is responsible for 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, 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 Deputy Minister and it is the President's role to ensure that other Board members are kept apprised of all such communications.

The President is also responsible for ensuring that the Board's policies and actions support the Deputy Minister's wider strategic policies through the Welsh Government's *Programme for Government*.

## **2. Corporate Governance Framework and Regulations**

The *Corporate Governance Framework* was adopted by the Board of Trustees in November 2017. This has been revised annually, and in 2021 revisions included the inclusion of Appendix 1, *Board Delegation and Staff Functions*, and revised Terms of Reference for the three standing committees of the Board, which were approved and adopted by the Board of Trustees in November 2021.

The Framework lays down the key responsibilities of the Board of Trustees and Executive, and also incorporates the Trustees' Code of Conduct. The Regulations lay down the proceedings of the Board and its committees.

## **3. Recruitment and Appointment of Trustees**

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

In accordance with Section 6 (v) of its Royal Charter, the Library has the legal authority to remunerate Trustees, and in 2020 Trustees took the decision to remunerate the post of President from 1 April 2021, but Meri Huws indicated that she would not be accepting remuneration while serving as interim President.

Meri Huws resigned from her position as interim President, Vice President and Trustee on 9 August 2021, and the Welsh Government appointed Ashok Ahir as interim President, effective from 13 September 2021. The interim President received remuneration on the basis of two days weekly service in this role, at a fee of £337 per day, or annualised remuneration of £35,183. The President receives no pension or other benefits. The Welsh Government ran a recruitment campaign for the role of President and Vice President in late 2021, with interviews being held in February 2022. Ashok Ahir was appointed to the role of President, and Andrew Evans to the role of Vice President. Both took up their appointments on 1 April 2022. From the 1 April 2022, the President's role will be remunerated on the basis of one day's weekly service in the role at the rate noted above.

Peter Florence was appointed to the Board of Trustees on 1 July 2021, but tendered his resignation on 3 August 2021. Following interviews in December 2021, Hannah Lindsay was appointed as Trustee, and following approval by the Board of Trustees, took up her appointment on 1 February 2022 for a period of four years.

No other Trustees were remunerated during the year. Details of Trustees' significant interests are maintained in a register of interests, held at the Library.

#### **4. Trustee Induction and Training**

During the course of the year, we welcomed new Trustees David Hay, Susan Davies, Lydia Rumsey, Elaine Treharne and Hannah Lindsay to the Library, who were provided with an insight into key areas of work at the Library.

Governance training was delivered online to Trustees and independent and co-opted committee members in May 2021 by Fflur Jones of Darwin Gray.

In January 2022, a presentation on the Board Cyber Security Toolkit was delivered to Trustees by a staff member of the National Cyber Security Centre, and during 2022, Trustees will explore this further, to ensure that they're fully briefed on cyber security considerations.

*The Trustees' Handbook* was kept up to date, but will be subject to an in depth review during 2022.

#### **5. Board and Committees – membership and meetings**

Although the first four meetings of the year took place online, the September and November meetings were hybrid ones, with members able to attend in the building in Aberystwyth or online. Owing to the emerging Omicron variant, a decision was taken in December to hold the January 2022 meeting entirely online to safeguard Trustees and staff, and a similar decision was taken with regard to the March meeting due to the sharp rise in Covid cases.

Full simultaneous translation was provided for all meetings, ensuring that the Library met its obligations under the Welsh Language Standards.

All Board and committee papers were distributed to members via the Library's Teams, and up until December 2021, also via the dedicated Board portal. Use of the Board portal was discontinued in December 2021, following a security incident which compromised the safety of this area of the website. This incident was reported to the Audit, Risk and Assurance Committee, and the committee accepted the Head of Digital Infrastructure's recommendation that use of the Board portal be discontinued.

All the scheduled Board meetings were held during 2021/2022, which were also attended by representatives from the Welsh Government, Chief Executive and Librarian, and both Directors. Board agendas and minutes are published on the Library website, together with a brief summary of papers to be presented at each meeting.

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

Board members' biographies can be seen at;

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

### 5.1 Committee Structure

At its meeting in November 2021, the Board approved revised Terms of Reference for its three standing committees, and approved renaming them to more adequately reflect the revised remit of each. Audit and Risk became, Audit, Risk and Assurance; Financial Planning became Finance and Resources, while Governance and Performance became Performance and Quality.

Committee	Key responsibilities
<b>Audit, Risk and Assurance</b>	A standing Committee which encompasses all the assurance needs of the Board of Trustees and Accounting Officer in their responsibilities for issues of the Library's risk management, internal controls, statutory accounts, and governance. The Committee also engages with the work of Internal and External Audit and financial reporting issues.
<b>Finance and Resources</b>	A standing Committee which encompasses all the assurance needs of the Board of Trustees in respect of the effective and efficient sustainable financial and other resource management by the Library, in particular the Library's investment portfolio and the use of its private funds, its commercial activities, and the performance of its fundraising campaigns.
<b>Performance and Quality</b>	A standing Committee which encompasses all the assurance needs of the Board of Trustees on upholding effective and efficient delivery standards, monitoring, reviewing and developing the services provided, ensuring accessibility and quality of service for all stakeholders, and ensuring that the requirements of all stakeholders are equitably met.

In addition to the standing committees, the Board has also established a Buildings Panel which provides assurances and makes recommendations to the Board of Trustees on matters regarding the Library's building and estate, its maintenance, use and development. The Panel is chaired by Mike Cavanagh, and Quentin Howard joined the Panel with effect from February 2022.

The following Trustees serve on the Pensions Fund Board – Lee Yale-Helms, Carl Williams, Anwen Jones and Ashok Ahir (appointed January 2022).

Quentin Howard and Lydia Rumsey serve on the Broadcast Archive Project Board to represent the interest of Trustees.

#### **Audit, Risk and Assurance Committee**

In addition to Trustee and independent members, the Library's internal auditors and representatives from Audit Wales attend committee meetings. The Library's sponsor division reserves the right for a representative to attend one meeting a year.

The committee paid due diligence to risk management at the Library, and trialled a risk workshop in December 2021, where departmental heads presented the three main risks in their areas of work to committee members. This useful exercise led to the development of a programme of deep dives, to look in depth at certain key risk areas within the Library.



Other areas of scrutiny included single tender actions, information security, and in particular any instances of breaches which had occurred, statutory annual accounts, and any issues or risks which arose as a result of the pandemic.

The Committee is chaired by Janet Wademan, and met four times during the year.

### Finance and Resources Committee

The committee focused on scrutinising and reviewing the Library's financial plans and budgets and the implications to the Library's financial stability. The consultation on any changes to the Library's pension scheme were put on hold until early 2022, when the committee will revisit possible options for changes to the scheme.

Requests for use of the private fund reserves were considered, in accordance with the Library's Charity Reserves Policy, and recommendations made to the Board of Trustees on whether these should be approved.

Three Committee meetings were held during the year, with the meeting scheduled for 16 April 2021 cancelled, and business carried forward to the following meeting. The Committee is chaired by the Treasurer, Lee Yale-Helms.

### Performance and Quality Committee

The committee focused on progress on implementing the recommendations of the Tailored Review, progress against performance indicators and the operational plan, governance of the Broadcast Archive project, received the Equality and Diversity Annual Report, and discussed a draft of the Framework Document prepared by the sponsor body.

The Committee met four times during the year, and was chaired by Meri Huws until her resignation. Ashok Ahir took over the Chair in September 2021.

## 5.2 Board and Committee Attendance

	Board	Audit, Risk and Assurance	Finance and Resources	Performance and Quality
Meri Huws	2/2			2/2
Ashok Ahir	3/3			2/2
Lee Yale-Helms	6/6	4/4	3/3	
Eleri Twynog Humphries	1/1			1/2
Mike Cavanagh	4/6			
Quentin Howard	6/6		3/3	

<b>Carl Williams</b>	3/6		3/3
<b>Gwenllian Lansdown Davies</b>	4/6	1/4	
<b>Anwen Jones</b>	5/6		
<b>Elin Royles</b>	6/6	4/4	
<b>David Hay</b>	6/6		4/4
<b>Lydia Rumsey</b>	6/6	4/4	
<b>Janet Wademan</b>	6/6	4/4	
<b>Susan Davies</b>	5/6		4/4
<b>Elaine Treharne</b>	5/6		3/3
<b>Peter Florence*</b>	1/1		
<b>Hannah* Lindsay</b>	1/1		

\*Hannah Lindsay and Peter Florence attended the Board meeting on 7 May 2021 as observers, and Hannah also attended the Board meeting on 28 January 2022 as an observer. Andrew Evans attended the Board meeting on 25 March 2022 as an observer.

### 5.3 Overview of Board Performance

Like many other organisations in Wales, the global pandemic which forced the Library to close its doors on 17 March 2020, saw the Library face challenges which it had never before encountered. Despite these challenges, the Library continued to serve its communities, albeit in a different form, and the launch of our new five year strategy in April 2021, *A Library for Wales and the World*, saw an increasing focus on digital services as a result of the pandemic. This will enable us to engage with more communities in new and exciting ways.

The Board regularly received performance data which showed an increase in the number of new users using the Library's digital collections and services during the year, and the figure for the first three quarters of 2021/22 was 10% more than the first three quarters of 2020/21.

As we now emerge from the pandemic, and welcome visitors back to the building, the Library is committed to ensuring that it continues to serve the people of Wales and beyond, and ensure that culture is accessible to everyone.

The Board had approved the Library's five year strategic plan in January 2021, and this was formally launched at an online event by the Deputy Minister, Dawn Bowden, MS, in November 2021.

The recommendations of the Tailored Review were continuously monitored, and in January 2022 the Board approved that several recommendations be mainstreamed to form part of the Library's operational plan going forward.

The Library's internal auditors will undertake a review of the Board and committee effectiveness during 2022, which will see the fulfilment of recommendation 16 of the Tailored Review. Performance appraisals of individual Trustees will take place during 2022 now that a permanent President has been appointed.

The Board is very aware of its responsibilities with regard to cyber security and the ever increasing risks in this area. The Audit, Risk and Assurance Committee receive detailed incident reports at each meeting, and these are escalated to the Board where necessary. As part of its training programme, Trustees were given a presentation by a staff member of the NCSC on the Board Toolkit for Cyber Security, and this will be further explored during 2022.

Trustees are committed to supporting the Library's ambitious plans to become 100% carbon neutral by 2030, and welcomed the plans which the Library had in place to achieve this. The high number of staff working from home during the pandemic has contributed to this through less vehicle usage, and a reduction in paper consumption. Energy efficient lighting is now installed in around 80% of the building, and we aim to complete this by the end of the 2022/23 financial year. Electric vehicle charging points are currently being installed in the Library grounds

Further measures will include;

- the removal of gas fired boilers and chillers, and low/zero carbon emitting primary heat sources installed together with dual heat chillers to meet the demands of the existing heating and cooling systems.
- Installation of a ground mounted solar array, with the potential to contribute around 360,000kWhrs of electricity annually, all of which would be used on site.

In addition to the above, the Board also considered the following matters during the year;

- Approval of a revised Board Assurance Framework (TR 17)
- Corporate restructuring programme (TR21)
- Approval of revised terms of reference for its three standing committees
- External report on income generation (TR 25)
- Revised and updated Framework Document
- National Broadcast Archive progress updates
- Budget 2021/22 and Draft Budget 2022/23
- Approval of the pay remit 2021/22
- Updates on the capital building programme
- Corporate risk register
- Performance of investments
- Progress reports against targets set in the annual operational plan
- Minutes of all three standing committees and the Buildings Panel

## 6. Internal Audit

The Library continued to work closely with its internal auditors, Welsh Government's Internal Audit Service. The internal audit is provided by the Welsh Government's Internal Audit Service in compliance with the Public Sector Internal Audit Standards. A programme of work for 2021/22 was agreed by the Audit, Risk and Assurance Committee on 30 April 2021, and approved by the Chief Executive and Librarian.

The internal audit service reports independently on an annual basis on the adequacy and effectiveness of the Library's system of internal control, together with recommendations for improvement. Reports are presented to the Audit, Risk and Assurance Committee for members to review and challenge the assurance statements provided by the Executive. The Head of Internal Audit can provide reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with moderate risk exposure until resolved.

The following audits were presented to the committee during 2021/22:

- Follow Up of Corporate Records Management (reasonable assurance)
- Procurement (limited assurance)
- Published Collections (substantial assurance)
- Health, Safety and Wellbeing (reasonable assurance)

Management actions were agreed for the Procurement Audit, and will be actioned in early 2022.

## 7. Code of Best Practice on Governance

As far as the Board of Trustees and Accounting Officer are aware, there is no relevant audit information of which the Library's auditors are unaware. The Board and Accounting Officer 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. As a registered charity, the Library has acted in accordance with the *Good Governance Code: A Code for the Third Sector in Wales* and the Charity Commission's guides and codes of practice, and the Board of Trustees have ensured, again in accordance with this code of practice, that the Library has robust governance arrangements in place to promote high performance and safeguard propriety and regularity.

## 8. Risk Management and Controls

The Library's system of internal control is detailed in the *Board Assurance Framework*, which was reviewed and updated in 2021 to include increased levels of scrutiny necessary due to changes in working practices during the Covid-19 pandemic. This gives a structured approach for ensuring that the Board of Trustees receives the right information, which is accurate and relevant, at the right time and with an appropriate level of assurance attributed to each source of data. The Library's *Risk Management Policy* defines the Library's approach to risk and how risk management is embedded into management processes to ensure that the key strategic risks are effectively managed. The *Risk Management Policy* is currently under review, and a revised version will be presented to the Audit, Risk and Assurance Committee during 2022.

The corporate risk register identifies, documents, assesses and details the key strategic and operational risks relating to the Library's activities. These are kept under constant review by the

Executive Team and any other assigned risk owners and action is taken as appropriate to manage and mitigate these risks. The corporate risk register is underpinned by departmental risk registers, which are also kept under regular review by the Executive Team, and departmental risks are escalated to the corporate register where necessary.

New risks included in the corporate risk register during the year were;

- Storage – Library has insufficient storage capacity to store collections appropriately, or may risk running out of storage capacity altogether
- Private fund reserves – balances are too high or too low

Following an unsuccessful bid to the Welsh Government for funding to construct a new storage facility, the Library is considering ways in which it can meet the challenge of insufficient storage space which could include deaccessioning collections, or storing offsite. The Library will continue to hold discussions with Welsh Government with regard to obtaining funding to construct further storage facilities.

In the current volatile financial environment, concern was expressed with regard to the levels of the Library's private fund reserves, and the position to take if these exceeded the upper threshold, or fell below the lower threshold. This risk is being sufficiently managed and was the subject of a deep dive at the Audit, Risk and Assurance Committee meeting in February 2022. The Finance and Resources Committee also monitor requests for use of the private fund reserves, and review the *Private Fund Reserves Policy* periodically.

The Board remain focused on the risk of management resilience, which will be addressed by the corporate restructuring programme, and the appointment of a third post at Director level and two new Heads of Department will strengthen the capacity and skillset of the Executive Team and Delivery Group.

Cyber security and Covid-19 remained prominent risks during the year, and were closely monitored and scrutinised at each meeting of the Audit, Risk and Assurance Committee. Regular update reports were also provided to the Committee on these two risk areas.

The Library remains cautious in its approach to managing risks in terms of its responsibilities as a publicly funded body, and in areas such as compliance with legislation or conditions imposed by the Welsh Government, it will always seek to comply without exception. The Library faces significant financial challenges and the failure of grant in aid to compensate for additional running costs is a major concern. This will affect the Library's ability to offer pay increases to staff, meet significant increases in the Library's other running costs, and finance increased pension costs. No provision was made in the Supplementary Budget published by Welsh Government on 1 March 2022 for salary increases or to meet the increased cost of pensions.

Internal control questionnaires were completed by Heads of Departments and Directors at the year-end confirming that key elements of the Library's system of internal control were in place during the year and had been working effectively within their area of responsibility which provided the Accounting Officer with an added level of assurance of the robustness of the Library's control framework.

The requirements of the Well Being of Future Generations (Wales) Act 2015 is at the heart of the Library's activities, and this is embedded in the new strategy *A Library for Wales and the World*. The impact framework illustrates how the strategic well-being objectives contribute to the seven well-

being goals of the Act, while the strategic plan sets out how the Library intends to deliver against the well-being goals.

No matters were raised during the year under the Whistleblowing Policy. Our Whistleblowing, Anti-Fraud and Anti-Corruption policies were all reviewed by the Audit, Risk and Assurance Committee in October 2021.

Complaints were dealt with in line with our Complaints Policy. All complaints were fully investigated, and any resulting improvements or changes to working practices implemented where appropriate.

The Library followed Welsh Government legislation and guidelines in regard to health and safety of its staff and visitors during the Covid-19 pandemic, and completed risk assessments to ensure the safe reopening of our public spaces when permitted to do so.

### **9. Information Security**

The Library has information security procedures and protocols in place to ensure the confidentiality, integrity and availability of the information that we hold and process, and to ensure compliance with the UK GDPR and Data Protection Act 2018. These include;

- Information Security Policy
- Acceptable Use Policy
- Internal policies on information security – data deletion, mobile computing, password, removable media

Owing to changes in priorities and resources caused by the pandemic, and continued staffing resource issues, re-certification for Cyber Essentials / IASME accreditation was further delayed. The Library is currently working toward re-accreditation, which should be achieved in 2022 following updating certain items of the infrastructure. All information security incidents are reported to the Audit, Risk and Assurance Committee. There were no security breaches during the year which required reporting to the Information Commissioner.

The Library received ten Freedom of Information (FOI) requests, ranging from collection related enquiries to management and procurement queries. All such enquiries were answered within the 20 working days allowed for a response.

### **10. The Future**

During 2022, the Library will strive to deliver its strategy in the continuing face of a challenging situation, but will continue discussions with the Welsh Government on future grant in aid funding and will explore other funding sources to support the achievement of our strategic aims. Moving forward, we will;

- Implement the remaining recommendations of the Tailored Review, and where possible, mainstream these in our operational plan.
- Consider any changes required to the existing Pension Scheme
- Implement a new Collections Policy Framework
- Continue to develop the infrastructure and systems to accession and provide access to the National Broadcast Archive Collection.
- Develop new public spaces as part of the National Broadcast Archive Project at sites beyond Aberystwyth
- Develop a new Strategic Equality Plan 2022 – 2026
- Develop and implement a new Communications and Engagement Strategy

- Develop and implement an International Strategy
- Develop and implement a Fundraising/Income Generation Strategy
- Develop a long term strategic plan for storage facilities
- Support the formation of the National Contemporary Art Gallery
- Agree a Memorandum of Agreement with Museum Wales

Signed on behalf of the Board:



Pedr ap Llwyd  
Librarian & Chief Executive & Accounting Officer  
22 July 2022



Lee Yale-Helms  
Treasurer  
22 July 2022

## 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

Our vision 'to deliver change for the better for everyone in Wales now and in the future', as stated in our new Strategic Plan for 2021-26, ensures that public benefit is at the core of all our activities.

In fulfilling their duties, the Trustees have complied with section 2 of the Charities Act 2011 by having due regard to the guidance published by the Charity Commission on public benefit. While our main beneficiaries are people living in Wales, the Strategic Plan 'A Library for Wales and the World' also emphasises our global impact both as a cultural destination for visitors and through our services to online users worldwide.

### 2.3 Main Activities

Our main activities, which are undertaken to further the charity's purposes for the benefit of the public in Wales, 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.

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 2021/22**

Throughout the previous reporting year (2020/21), Coronavirus had a significant impact on the work of the Library. As 2021/22 commenced restrictions were easing and the Library was able to resume many services and activities even though the Omicron wave disrupted activities somewhat during December 2021 and into the New Year.

##### **3.1.1 Launch of a new Strategic Plan for 2021-2026**

On 18 November 2021, Dawn Bowden MS, Deputy Minister for Arts and Sport launched the National Library of Wales' 2021-2026 Strategic Plan – A Library for Wales and the World in an online event.

##### **3.1.2 Development of Public Spaces at the Library Building in Aberystwyth**

After significant capital investment in the maintenance of the building over the past few years, the focus turned during 2021/22 to improving public spaces. The central hall exhibition was opened successfully in September while plans for the refurbishment of the South Reading Room are well underway by the end of 2022. In addition, work on a new family area was commissioned as well as improvements to Pen Dinas Café.

##### **3.1.3 National Broadcast Archive Project**

Permission to Start was granted during 2021/22 for the project to establish a National Broadcast Archive for Wales. Following remodelling of the project during 2020-21 the plans now include two new significant partners. S4C will join BBC Wales and ITV Wales in contributing their archive to the project while the Wales Millennium Centre in Cardiff is set to host a new centre that will enable the public to view, listen, and enjoy this rich archive.

##### **3.1.4 Unlocking Our Sound Heritage Project**

UOSH was a five-year UK wide project funded by a £9.3 million grant from the National Heritage Lottery Fund. The project was led by the British Library, with the aims of providing access and preserving the UK's most vulnerable and at-risk audio heritage, creating centres of excellence in digital audio preservation around the UK and involving new audiences in engaging with audio heritage. NLW joined the project in August 2018, as one of the ten hubs sited across the UK. During the period, August 2018 to December 2021, the Library preserved 3,889 at risk audio recordings, recruited 101 volunteers, held 99 learning events with 1,638 participants and provided 15 days of training to the sector. This was a significant achievement, especially as the closure of the building for 33 weeks during the pandemic prevented the digitisation of the collections or enabled physical engagement with audiences during this time.

##### **3.1.5 The Welsh Music Archive**

The Welsh Music Archive programme was launched in 2017 to collect and promote the use of music archives and manuscripts. Partly funded through private funds, it made a significant contribution to enriching the music collection and developing new audiences. As well as making available many archival collections, including developing a Welsh folk music database based on the index cards created by Dr

Meredydd Evans and Phyllis Kinney, it undertook many other activities. It worked with Ty Cerdd to promote social engagement, with the University of Bangor and the Coleg Cymraeg Cenedlaethol to support research and actively engaged with musicians and performers. The programme ended in December 2021, but the success in promoting the Archive through radio and television interviews, social media and physical and remote events have raised its profile and contributed to the growth of, and knowledge about, the collections.

### 3.2. Key Achievement Indicators

The Library's performance against its targets was reported to the Welsh Government in 2021/22 as follows:

	Target	Attainment
Number of visits to the Library's digital collections and services	1,800,000	2,061,203
New users to the Library's digital collections and services	1,000,000	1,330,341
Number of responses to remote enquiries	7,000	6,535
User satisfaction - physical visits	96%	100%
User satisfaction - digital visits	80%	86%
Total number of events (total)	150	338
On-site events organized by the Library	80	141
Events on site organized by others (external use of facilities)	50	73
Outreach events organized by the Library	70	124
Number of participants in each of the Library's activities (total)	11,500	11,379
Number of participants at on-site events organized by the Library	10,000	8,805
Number of participants at outreach events organized by the Library	1,500	2,574
Digital Volunteers	900	897
Number of Fusion events and Education Service activities	35	92
Participants in Fusion events and Education Service activities	900	2,708
Number of new interpretation items published online by the Library	1,200	2,554
New digital pages created through the Library's digitization program	200,000	157,212
Number of impressions across social media channels	2,750,000	2,900,604
Reach of the Library's content on Wikimedia	190,000,000	211,034,503

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 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 £3,942k (2020/21: £3,208k). The Library's incoming resources totalled £18.78m (2020/21: £17.31m) and total resources expended were £14.83m (2020/21: £14.10m).

The unrestricted public reserve increased from £789k to £1,580k.

Fund balances at 31 March 2022 stood at £83.0m (31 March 2021 £78.2m).

### 4.2 Charities Statement of Recommended Practice

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

### 4.3 Valuation of Tangible Fixed Assets

The Library commissioned a revaluation by Cooke and Arkwright, Chartered Surveyors, of the Library's buildings and freehold land as at 31 March 2021. Land and buildings values are adjusted annually by indexation between each formal valuation which usually takes place every five years. Other fixed assets are not revalued nor indexed, and from 2017-18, are held at original cost less depreciation.

### 4.4 Charity Reserves Policy

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

#### 4.4.1 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. The ultimate effect of this will be to restrict the level of reserves that can be held. Low levels of reserves and working capital are particularly difficult in times of financial uncertainty and mitigation of risks would justify carrying higher levels of reserves due to the financial outlook. It is also the case that public reserves cannot be spent without the provision of a budget in the Welsh Government's published budget. Therefore, although the Library shows these reserves on the Balance Sheet, they will not be available for use unless budget cover is provided and the Library appears to have very limited influence over the process. This increases the level of financial risk for the Library and the requirements of the Welsh Government are restricting the Library's ability to manage financial risk.

#### 4.4.2 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.

### 4.4.3 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.

The level of reserves is being reviewed and monitored by the Board through the Financial Planning Committee and has been agreed in the Library's Medium Term Financial Strategy.

### 4.4.4 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.

## 4.5 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. During 2021-22 the Board commissioned an independent review of the performance of the Library's investment managers.

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 2021/22 a return of 5.9% was achieved against a benchmark of 7.8% (2020/21: 22.76% against a benchmark of 16.63%).

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 2022, the market value of the investments and cash was £14.28m (£13.63m on 31 March 2021).

## 4.6 Key risks

### 4.6.1 Financial planning

Following discussions with the Welsh Government and the Deputy Minister the Library was awarded £500k of additional revenue GIA funding in 2020/21. In 2021/22 an additional £750K has been allocated to meet the costs of implementing the Tailored Review, and £1,000k to meet the other financial pressures. This £1,000k was confirmed in the Library's baseline GIA from 2022/23 onwards.

The Library reviewed its policy for charitable reserves during 2021/22. Unrestricted private funds are available to the Board in order to manage financial risk as part of its reserves policy.

#### 4.6.2 Pension Scheme

An actuarial valuation of the scheme was obtained on 31<sup>st</sup> March 2019. The main results of the Scheme's actuarial valuation are as follows:

- The funding level as at 31 March 2019 has increased to 100% (2016: 99%).
- There is now a surplus of assets relative to the accrued liabilities of £300k (2016: there was a deficit of £400k).
- The rate of Library contributions required to meet the accrual of future service benefits, with a normal retirement age of 65, has increased to 34.2% of pensionable salaries (2016: 27.2%)

The additional contribution rate will be implemented from the 1<sup>st</sup> April 2023 following an additional employer contribution of £400k in March 2020, £400k in March 2021 and a further £1m in March 2022.

As at 1<sup>st</sup> July 2017 existing staff could 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. New members of staff after this date have a normal retirement date of 65.

The next actuarial valuation of the scheme will be undertaken on the 31 March 2022. It is anticipated that the costs of continuing the scheme will increase significantly and the Board is currently considering options for future pension arrangements.

## 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 2021-22, the following was achieved: -

	2021-22	2020-21	2019-20
<b>Water consumption</b>			
Water consumption m <sup>3</sup>	6,559	6,139	9,585
Water consumption m <sup>3</sup> per WTE*	30.78	28.46	43.37
Water supply costs £	£27,785	£23,110	£39,191
<b>Paper consumption</b>			
Paper consumption in reams (external and internal)	262	6	698
Paper consumption in reams (internal use)	199	2	632
<b>Waste</b>			
Total waste (tonnes)	38.99	14.17	42.44
Reused, recycled, composted	12.21	3.55	33.9
Landfill	26.78	10.62	8.58
Hazardous	-	-	-
Reused, recycled, composted as % of total waste	31.3%	25.0%	79.8%
Total disposal cost	£12,003	£8,344	£9,125
<b>Greenhouse gas emission</b>			
Total emission tonnes CO <sub>2</sub> equivalent			
Attributable to business travel	4	0	17
Attributable to energy consumption (1,000 tCO <sub>2</sub> e)			
Electricity and Gas	1,020	1,133	1,276
Attributable to energy consumption			
Electricity (kWh)	2,210,485	2,235,894	2,521,075
Gas (kWh)	3,019,497	3,348,749	3,458,695
Expenditure on business travel £ (Car, Train, Bus & Plane)	£6,334	£51	£49,360
Total energy expenditure £	£401,447	£354,872	£394,724

\*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.

The Welsh Government's budget for 2021/22 included additional capital funding of £0.5M for the Library to commence its decarbonisation programme. The replacement of the heating system which uses gas with ground source energy and combined heater/chiller plant is planned. This will maintain environmental conditions for storage of the collections and at the same time provide heating for other parts of the building. The Library is developing onsite solar photo-voltaic generation, and has submitted an outline application for an installation on an adjacent field. The Library has secured some funding for decarbonisation in future years, but this is currently insufficient to become carbon neutral by the late-2020s.

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 2021-22 the Library began the implementation of a new Strategic Plan for 2021-2026 under the title 'A Library for Wales and the World'. The final version was approved by the Board of Trustees in January 2021. It is an ambitious plan that provides a clear, coordinated and prioritised focus and direction for everyone involved in the organisation up to 2026.

The new plan identifies four strategic and well-being objectives:

- Cultivate and care for the nation's memory
- Lay the foundation for a knowledge economy
- Be at the heart of national life
- Empower learning and research

The Well-being of Future Generations Act was a key consideration when drafting the new Strategic Plan and the requirements of the Act have been considered when formulating plans to deliver against the objectives.

<b>Strategic Objective 1 Cultivate and care for the nation's memory</b>	<b>How will we achieve this?</b>
<ul style="list-style-type: none"> <li>➤ Capturing contemporary Wales</li> <li>➤ Committed to diversity</li> <li>➤ Leading in preservation and management of information</li> </ul>	<ul style="list-style-type: none"> <li>• We will develop and invest in the work of collecting and preserving digital materials in various formats</li> <li>• We will establish a National Broadcast Archive that will be a rich and comprehensive record of life in the 20th and 21st Centuries</li> <li>• We will deliver guidance and advice on conservation and raise awareness of the risks of losing the national memory in the digital age</li> <li>• We will develop our relationships with libraries, archives, museums and others in the heritage sector as we collect the nation's memory</li> <li>• We will foster our connections with ethnically diverse communities across Wales</li> <li>• We will work with these communities as we continue to develop our Collections Policy</li> <li>• We will review the way in which our collections are described, interpreted and promoted</li> <li>• We will invest in the cultivation and transfer of physical and digital conservation skills within the Library and across the sector</li> <li>• We will invest in the development of our technical infrastructure as a trusted home for our digital collections</li> <li>• We will support other organisations with the preservation of digital collections</li> <li>• We will share good practice in information management, conservation and collections development internationally</li> </ul>
<b>Strategic Objective 2 Lay the foundation for a knowledge economy</b>	<b>How will we achieve this?</b>

<ul style="list-style-type: none"> <li>➤ Knowledge that invigorates and inspires</li> <li>➤ Creating opportunities to participate</li> <li>➤ Improving user experience</li> </ul>	<ul style="list-style-type: none"> <li>• We will continually review the way we describe collections, to provide effective access and highlight ‘hidden’ collections</li> <li>• We will improve access to physical collections by continuing our digitisation programme</li> <li>• We will seek opportunities to increase the use of collections by businesses and the creative sector</li> <li>• We will work to ensure that information is available in an open and accessible format</li> <li>• We will continue to offer a range of volunteering opportunities at Library sites</li> <li>• We will increase opportunities for volunteering and engaging with the collections on a digital basis, using approaches such as crowdsourcing</li> <li>• We will support national and international participatory programmes and projects</li> <li>• We will develop new and innovative ways of widening access to knowledge</li> <li>• We will ensure that user feedback and the voice of the user are central to the development of our services</li> <li>• We will invest in the building in Aberystwyth as a visitor destination, where visitors from Wales and the world can research, discover and enjoy</li> </ul>
<p><b>Strategic Objective 3</b> <b>Be at the heart of national life</b></p>	<p><b>How will we achieve this?</b></p>
<ul style="list-style-type: none"> <li>➤ Connecting communities</li> <li>➤ Sharing collections</li> <li>➤ Promoting a global Wales</li> </ul>	<ul style="list-style-type: none"> <li>• We will invest in our relationship and connections with individuals and communities with the aim of increasing the value and impact of our collections and services</li> <li>• We will establish connections with new communities and audiences</li> <li>• We will consider all opportunities to expand our connections with public bodies and organisations throughout Wales and further afield</li> <li>• We will improve access and connections across Wales through the activities of the National Broadcast Archive.</li> <li>• We will share our collections widely and openly with the aim of achieving the greatest reach and deepest engagement</li> <li>• We will develop methods and channels for acting in collaboration with the public to jointly interpret our history and culture</li> <li>• We will hold exhibitions and events on themes that are timely and relevant to Wales today</li> <li>• We will promote the Library’s sites as cultural destinations</li> <li>• We will develop and deliver an International Strategy and collaborate with Welsh Government and other organisations to promote Wales on a global stage</li> <li>• We will continue to foster and strengthen our relationship with the Welsh diaspora</li> </ul>

<b>Strategic Objective 4 Empowering learning and research</b>	<b>How will we achieve this?</b>
<ul style="list-style-type: none"> <li>➤ Enabling research and innovation</li> <li>➤ Supporting formal learning</li> <li>➤ Promoting informal learning</li> </ul>	<ul style="list-style-type: none"> <li>• We will foster a relationship with Higher Education Institutions and research teams interested in the collections</li> <li>• We will explore and experiment with new technologies as means of enhancing access and research, supporting aspects such as geodata, artificial intelligence and adopting concepts such as 'collections as data'</li> <li>• We will collaborate with partners and stakeholders with the aim of establishing an accredited trusted digital repository as research infrastructure</li> <li>• We will continue to contribute to the development of the Curriculum for Wales</li> <li>• We will continue to increase our own range of digital learning resources in collaboration with partners</li> <li>• We will invest in our services for schools and post-16 education</li> <li>• We will develop a programme that supports informal learning and foster skills and transfer knowledge</li> <li>• We will increase the interpretative content available online as resources for informal learning</li> <li>• We will explore opportunities to work in partnership to support informal learning in communities across Wales</li> </ul>

**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  
22 July 2022



Lee Yale-Helms  
TREASURER  
22 July 2022

## 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  
22 July 2022



Endorsed on behalf of the Board by  
Lee Yale-Helms  
TREASURER  
22 July 2022



## **The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd**

### **Opinion on financial statements**

I certify that I have audited the financial statements of the National Library of Wales for the year ended 31 March 2022 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 and the Charities Statement of Recommended Practice (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of its net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with HM Treasury directions issued under section 9 of the Museums and Galleries Act 1992.

### **Opinion on regularity**

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

### **Basis of opinions**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 opinions.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Library of Wales's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board of Trustees and Librarian as Accounting Officer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Annual Accounts other than the financial statements and other parts of the report that are audited and my auditor's report thereon. The Charities Statement of Recommended Practice sets out the requirements for other information, however, neither it nor legislation, nor the directions issued to the National Library of Wales set out the content and form of the Annual Governance Statement or Remuneration Report presented with the financial statements. The Board of Trustees and Librarian as Accounting Officer are responsible for the other information in the annual report and accounts. 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.

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

I have nothing to report in this regard.

## Report on other requirements

### Opinion on other matters

As the Charities Statement of Recommended Practice nor legislation set out the requirements for the content and form of the Governance Statement or Remuneration Report presented with the financial statements, I am not able to confirm that the Governance Statement or Remuneration Report issued with financial statements have been prepared in accordance with guidance.

In my opinion, based on the work undertaken in the course of my audit, the other information given in the Annual Accounts issued with financial statements is consistent with the financial statements.

Although there are no legislative requirements for a Remuneration Report, the National Library of Wales has prepared such a report, and in my opinion, that part ordinarily required to be audited has been properly prepared.

In my opinion, based on the work undertaken in the course of my audit, the information in the Annual Accounts, other than the Governance Statement and Remuneration Report, for the financial year for which the financial statements are prepared has been prepared in accordance with the Charities Statement of Recommended Practice.

## 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 Accounts.

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 or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed; and
- I have not received all the information and explanations I require for my audit.

## 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's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Library for Wales's policies and procedures concerned with:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals;
- Obtaining an understanding of the National Library for Wales's framework of authority as well as other legal and regulatory frameworks that the National Library for Wales operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the National Library for Wales.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Committee about actual and potential litigation and claims;



- reading minutes of Board meetings and other relevant committees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- substantively tested a sample of large payments from banking records around the year end date to ensure that they are accounted for in the correct year.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the National Library for Wales's controls, and the nature, timing and extent of the audit procedures performed.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Responsibilities for regularity**

The Librarian as Accounting Officer 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 Senedd and the financial transactions conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements,



Adrian Crompton  
Auditor General for Wales  
4 August 2022

24 Cathedral Road  
Cardiff  
CF11 9LJ

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022

	Notes	PUBLIC FUNDS		PRIVATE FUNDS		2021/22	2020/21
		Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
<b>Income:</b>							
Donations and legacies	15b	-	-	58	159	217	1,688
Charitable activities:							
Government Grants	2	11,644	5,515	-	-	17,159	14,255
Other Grants	3	40	775	-	-	815	1,056
Other trading activities	4	353	-	-	-	353	145
Investment income	15b	-	-	228	4	232	161
<b>Total Income</b>		<b>12,037</b>	<b>6,290</b>	<b>286</b>	<b>163</b>	<b>18,776</b>	17,305
<b>Expenditure:</b>							
Costs of raising funds	5	503	59	54	1	617	636
Charitable activities:							
Collection	5	2,469	814	-	-	3,283	3,263
Giving Access & Information	5	3,056	847	-	-	3,903	3,883
Publicising & Interpretation	5	1,619	421	-	15	2,055	1,656
Conservation & Preservation	5	3,251	553	-	-	3,804	3,901
Governance	5	1,478	307	-	-	1,785	1,391
Total expenditure		<b>12,376</b>	<b>3,001</b>	<b>54</b>	<b>16</b>	<b>15,447</b>	14,730
(Gain)/ Loss on disposal of investments	15b	-	-	(926)	(17)	(943)	(1,063)
Pension Finance Costs	22d	330	-	-	-	330	430
<b>Total expenditure</b>		<b>12,706</b>	<b>3,001</b>	<b>(872)</b>	<b>(1)</b>	<b>14,834</b>	14,097
<b>Net income/ (expenditure)</b>		<b>(669)</b>	<b>3,289</b>	<b>1,158</b>	<b>164</b>	<b>3,942</b>	3,208
Gross transfers between funds	15	-	(101)	110	(9)	-	-
		<b>(669)</b>	<b>3,188</b>	<b>1,268</b>	<b>155</b>	<b>3,942</b>	3,208
<b>Other recognised gains/ (losses):</b>							
Unrealised gains/ (losses) on investments	15b	-	-	(475)	-	(475)	1,271
Gain/ (Loss) on disposal of fixed assets		-	(21)	-	-	(21)	-
Tangible Fixed Assets Revaluation, Indexation and impairment	10	-	4,751	-	-	4,751	(452)
Actuarial gains / (losses) on defined benefit pension scheme	22e	(3,380)	-	-	-	(3,380)	(1,660)
Total gains/ (losses)		(3,380)	4,730	(475)	-	875	(841)
<b>NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR</b>		<b>(4,049)</b>	<b>7,918</b>	<b>793</b>	<b>155</b>	<b>4,817</b>	2,367
FUND BALANCES BROUGHT FORWARD AT 1 APRIL	15	(27,131)	82,785	14,822	7,728	78,204	75,837
<b>FUND BALANCES CARRIED FORWARD AT 31 MARCH</b>	15	<b>(31,180)</b>	<b>90,703</b>	<b>15,615</b>	<b>7,883</b>	<b>83,021</b>	78,204

All activities are continuing. All recognised gains and losses are recorded in the Statement of Financial Activities. The notes on pages 35 to 57 form part of these accounts. There is no endowment income or expenditure to report.

**BALANCE SHEET AS AT 31 MARCH 2022**

		31 <sup>st</sup> March 2022		31 <sup>st</sup> March 2021	
	Notes	£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible Assets	10	73,227		66,535	
Intangible Assets	10	270		337	
Heritage Assets	12	22,933		22,473	
Investments	11	14,277		13,630	
			<b>110,707</b>		<b>102,975</b>
<b>CURRENT ASSETS</b>					
Stocks		47		45	
Debtors	13	2,821		2,641	
Bank		2,840		1,614	
		<b>5,708</b>		<b>4,300</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	14	(634)		(1,151)	
			<b>5,074</b>		<b>3,149</b>
<b>NET CURRENT ASSETS</b>					
			<b>5,074</b>		<b>3,149</b>
Net assets excluding pension scheme liability					
			<b>115,781</b>		<b>106,124</b>
Defined benefit pension liability					
	22		<b>(32,760)</b>		<b>(27,920)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>					
			<b>83,021</b>		<b>78,204</b>
<b>FUNDS</b>					
	15				
Public Unrestricted		1,580		789	
Pension Reserve		(32,760)		(27,920)	
Total Public Unrestricted Funds		<b>(31,180)</b>		<b>(27,131)</b>	
Public Restricted (exc Revaluation Reserve)		64,582		61,415	
Revaluation Reserve		26,121		21,370	
Private Unrestricted		15,615		14,822	
Private Restricted		230		249	
Private Restricted Collections		7,653		7,479	
			<b>83,021</b>		<b>78,204</b>

The trustees have prepared the accounts in accordance with section 132 of the Charities Act 2011.  
The notes on pages 35 to 57 form part of these accounts.

Pedr ap Llwyd  
CHIEF EXECUTIVE AND LIBRARIAN  
22 July 2022

Lee Yale-Helms  
TREASURER  
22 July 2022

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

		2021/22		2020/21	
		£000	£000	£000	£000
<b>Cash generated from operating activities</b>	17		<b>5,176</b>		4,534
<b>Cash flows from investing activities: -</b>					
Purchase of tangible and intangible fixed assets	10	<b>(3,470)</b>		(3,085)	
Purchase of heritage assets	12	<b>(302)</b>		(218)	
Proceeds from sale of investments	11	<b>5,373</b>		6,383	
Purchase of Investments	11	<b>(6,686)</b>		(7,495)	
<b>Net cash provided by/(used in) investing activities</b>			<b>(5,084)</b>		(4,415)
<b>Increase/(Decrease) in Cash and cash equivalents in the year</b>			<b>92</b>		119
Cash and cash equivalents at the beginning of the year			<b>3,067</b>		2,948
Total cash and cash equivalents at the end of the year	18		<b>3,159</b>		3,067

The notes on pages 35 to 57 form part of these accounts.

## NOTES TO THE ACCOUNTS AT 31 MARCH 2022

### 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 2007 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 Statement of Financial Activities (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. However, any public restricted or unrestricted funds that are held in reserves and relate to unspent Grant in Aid from previous years are not available to the Library unless the Welsh Government provides for this expenditure in its published budget.

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 obligation 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. Where expenditure is incurred in arrears but relates to the current financial year, the accounts will only consider an accrual 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. 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 usually 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 1<sup>st</sup> April 2001, the Library's collection had not been capitalised in the balance sheet. Purchases for the collection were charged to Restricted Public Funds in the Statement of Financial Activities in the year of acquisition. Purchases for the collection are capitalised in the year of acquisition and held at historic value; these assets are not re-valued or indexed.

Donations of items to the collections are accounted for when received at an estimate of their market value. Depending on the nature of the donation, the market value is determined by the Library's own Collections staff or independent valuers as appropriate. 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) Significant areas of estimation and judgement**

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation and judgement means that actual outcomes could differ from expectation.

**Sources of estimation uncertainty**

- The defined benefit pension obligation is recognised and disclosed in accordance with FRS 102. The valuation, prepared by a qualified actuary, reflects a number of judgements and estimations including the expected return on assets, the discount rate, cost inflation and life expectancy. Changes in these assumptions have a significant effect on the value of the defined benefit pension obligation. Further details are provided in note 22.
- Land and buildings assets are professionally valued periodically. The valuation is prepared by a qualified surveyor and has been prepared in accordance with the RICS Red Book. Buildings have been valued on the basis of 'open market value' or 'depreciated replacement cost' and land is shown at 'existing use value'. These methods are subject to various assumptions and judgements and changes in either could have a significant effect on the valuation. Further details are provided in note 10.

**(l) Going Concern**

The Library's accounts have been prepared on a going concern basis. The Library's Board has recognised the significant revenue account deficits that have been forecast and will be considering plans to address this situation. The significant level of unrestricted private funds reserves will ensure that the Library can continue with current activities until action is taken to address the deficit. There are no other material uncertainties about the charity's ability to continue.



**2. GOVERNMENT GRANTS**

	<b>2021/22</b>	2020/21
	<b>£000</b>	£000
<b>Unrestricted</b>		
Grant-in-Aid	<b>11,644</b>	10,444
<b>Restricted</b>		
Capital - Purchase Grant	<b>305</b>	305
Capital – National Broadcast Archive	<b>1,000</b>	-
Capital - General	<b>3,390</b>	2,790
Digital Libraries	<b>450</b>	498
People’s Collection Wales	<b>121</b>	114
ARCW	<b>218</b>	47
Others	<b>31</b>	57
<b>Total grant received from Welsh Government</b>	<b>17,159</b>	14,255

**3. OTHER GRANTS**

	<b>2021/22</b>	2020/21
	<b>£000</b>	£000
<b>Restricted public fund</b>		
European Union Grants	-	10
British Film Institute	<b>27</b>	21
National Heritage Lottery Fund – National Broadcast Archive	<b>587</b>	270
National Heritage Lottery Fund – Save Our Sounds	<b>161</b>	130
Other minor grants	-	13
	<b>775</b>	444
<b>Unrestricted public fund</b>		
Coronavirus Job Retention Scheme	<b>40</b>	612
<b>Total other grants</b>	<b>815</b>	1,056

During the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> July 2021 the Library has claimed Coronavirus Job Retention Scheme grant totalling £40k. The closure of the Library building was required under the Welsh Government response to the COVID-19 pandemic. The Library obtained support to its application for funding under the Scheme from Welsh Government.

**4. INCOME FROM OTHER TRADING ACTIVITIES**

	2021/22	2020/21
<b>Unrestricted public income</b>	<b>£000</b>	£000
Catering	59	2
Shop income	54	20
Events	10	-
Consultancy and systems	8	14
Income generated from collections	44	24
Licensing and royalties	90	43
Miscellaneous	88	42
<b>Total</b>	<b>353</b>	145

**5. ANALYSIS OF EXPENDITURE**

	Staff Costs	Other direct costs	Depreciation and amortisation	2021/22 <b>TOTAL</b>	2020/21 <b>TOTAL</b>
	£000	£000	£000	£000	£000
<b>Cost of raising funds</b>	373	185	59	<b>617</b>	636
<b>Charitable Expenditure</b>					
Collection	1,784	1,206	293	<b>3,283</b>	3,263
Giving Access & Information	3,056	495	352	<b>3,903</b>	3,883
Publicising & Interpretation	1,512	355	188	<b>2,055</b>	1,656
Conservation & Preservation	3,180	249	375	<b>3,804</b>	3,901
<b>Governance</b>	645	832	308	<b>1,785</b>	1,391
	10,550	3,322	1,575	<b>15,447</b>	14,730

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

	2021/22	2020/21
<b>This is stated after charging:</b>	<b>£000</b>	£000
Depreciation and amortisation	1,575	1,318
External auditor's remuneration	33	33
Internal audit fees	12	12
Investment management fees	55	45

## 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	3	5	15	26	13	26	88
Finance	8	43	47	51	27	49	225
HR	6	36	39	42	23	40	186
ICT	36	185	216	249	130	238	1,054
Building	70	588	501	405	228	345	2,137
Other	2	3	8	12	7	13	45
	<b>125</b>	<b>860</b>	<b>826</b>	<b>785</b>	<b>428</b>	<b>711</b>	<b>3,735</b>

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

### (a) Total Staff Costs

	2021/22		2020/21	
	£000	£000	£000	£000
Salaries and Wages		6,156		6,760
Social Security Costs (including Apprenticeship Levy)		607		619
Pension Cost				
Current Service Cost	1,657		1,694	
Additional pension contribution	1,000		400	
FRS 102 current service cost adjustment	1,130		1,340	
		<b>3,787</b>		<b>3,434</b>
Wages as noted in note 5		<b>10,550</b>		<b>10,813</b>
FRS 102 finance interest charge (see note 22d)		<b>330</b>		<b>430</b>
<b>Total</b>		<b>10,880</b>		<b>11,243</b>

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 (2020/21- 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 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service the scheme pays a lump sum benefit. Medical retirement is possible in the event of serious ill-health.

The employer contribution to the scheme for the period amounted to £2.7m (2020/21 £2.1m). The assets of the Scheme are held separately from those of the Library and were invested with Blackrock. The 31 March 2019 actuarial valuation showed that the market value of the Scheme's assets was £73.2m and that the actuarial value of those assets amounted to 100% of the value of the liabilities of the Scheme. However, by 31 March 2021 the Actuary's interim assessment was that the Scheme was likely to have fallen into a deficit of £3.5M. This was due to a number of factors, including the pay award from 1 April 2019 that had significantly increased pension benefits above the rate allowed for in the full valuation, a reduction in the discount rate used to calculate pension benefits and the effect of COVID-19 and Brexit on asset prices. In addition, there was a longer term effect on the price of index-linked Gilts linked to RPI, which is likely to fall when the UK Government's plans to cease using RPI and move to CPI instead.

Note 22 provides further information on the finances of the pension scheme to comply with the requirements of FRS 102. 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 3.38 times the median salary (£28,740) of the Library, 4.18 times the 25th percentile median salary (£23,202) and 2.87 times the 75th percentile median salary (£33,817). For 2020-21, the Librarian's salary was 3.41 times the median salary (£28,176) of the Library. The Librarian's salary has increased by 0.8% year on year, whilst the median salary has increased by 2%. 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 “GNI1” published by the Institute of Actuaries and Faculty of Actuaries. The assumed rate of price inflation was 3.1% (2020/21 0.5%).

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

	2021/22			2020/21		
	Consolidated Salary	Real Increase (decrease) in Pension Benefits	Single Total Figure of Remuneration	Consolidated Salary	Real Increase (decrease) in Pension	Single Total Figure of Remuneration
	£	£	£	£	£	£
Mr P ap Llwyd Chief Executive and Librarian	97,013	16,570	113,583	96,213	38,890	135,103
Mr. DH Michael Director and Deputy Chief Executive and Librarian	80,958	9,564	90,522	79,856	33,124	112,980
Dr O Roberts Director and Deputy Chief Executive and Librarian	80,958	16,774	97,732	80,462	64,537	144,999

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 31/3/21	Total Accrued Pension at 31/3/22	Lump Sum at 31/3/22	<b>Cash Equivalent Transfer Value at 31/3/22</b>	Increase in accrued pension net of inflation	Increase in lump sum net of inflation	Increase (Decrease) in transfer value net of inflation
	£	£	£	£	£	£	£
Mr P ap Llwyd Chief Executive and Librarian	579,640	24,490	73,470	<b>597,520</b>	690	2,080	(90)
Mr DH Michael Director and Deputy Chief Executive and Librarian	675,650	26,850	80,550	<b>708,840</b>	490	1,460	12,240
Dr O Roberts Director and Deputy Chief Executive and Librarian	261,060	12,440	37,320	<b>284,660</b>	790	2,370	15,510

#### (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

There were no voluntary severance payments accounted for in 2021/22 (2020/21: £307,452).

#### (f) Board emoluments

The Board, with the exception of the President, do not receive any emoluments. Based on a review of similar organisations, and with the full support of Welsh Government, the Board has decided to remunerate the post of President. The President received emoluments of £18,535 during 2021/22, from the 13<sup>th</sup> September 2021. The total amount of travel, subsistence, and hospitality expended by the Library for its Board and committee members was £536 (2020/21 £261), this was claimed by 4 members (2020/21: 2 members).

### 9. STAFF NUMBERS

The average monthly head count was 219 (2020/21: 239) and the average full-time equivalent staff employed by the Library (including casual and part-time staff) during the year were as follows:

<b>Staff Numbers</b>	<b>2021/22</b>	<b>2020/21</b>
Fundraising trading	<b>8.5</b>	10.8
Collection	<b>36.2</b>	38.8
Giving Access and Information	<b>61.9</b>	56.1
Publicising and Interpretation	<b>29.8</b>	30.2
Conservation & Preservation	<b>63.9</b>	66.9
Governance	<b>12.8</b>	12.9
<b>Total</b>	<b>213.1</b>	215.7

**10. TANGIBLE AND INTANGIBLE ASSETS****A. Tangible Assets**

	Freehold Land & Buildings £000	Plant, Fittings & Equipment £000	Computer equipment £000	Total £000
<b>Cost &amp; Valuation</b>				
At 1 April 2021	64,107	2,780	4,330	71,217
Additions	1,421	1,366	683	3,470
Disposals	(21)	(276)	(550)	(847)
Indexation	4,797	-	-	4,797
<b>At 31 March 2022</b>	<b>70,304</b>	<b>3,870</b>	<b>4,463</b>	<b>78,637</b>
<b>Depreciation</b>				
At 1 April 2021	-	2,016	2,666	4,682
Charged for the year	891	274	343	1,508
Disposals	-	(276)	(550)	(826)
Indexation	46	-	-	46
<b>At 31 March 2022</b>	<b>937</b>	<b>2,014</b>	<b>2,459</b>	<b>5,410</b>
<b>Net Book Value</b>				
<b>At 31 March 2022</b>	<b>69,367</b>	<b>1,856</b>	<b>2,004</b>	<b>73,227</b>
At 31 March 2021	64,107	764	1,664	66,535

The Library received a valuation as at 31<sup>st</sup> of March 2021 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.

The carrying amount of freehold land and buildings under the historic cost convention would be £45,879k (2020-21: £42,430k).

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 2021	1,086
Additions	-
At 31 March 2022	<b>1,086</b>
Amortisation	
At 1 April 2021	749
Charged for the year	67
At 31 March 2022	<b>816</b>
Net Book Value	
<b>At 31 March 2022</b>	270
At 31 March 2021	337



**II. INVESTMENTS**

	2021/22	2020/21
	£000	£000
Investments	<b>13,958</b>	12,177
Cash held for investments	<b>319</b>	1,453
<b>Total investments</b>	<b>14,277</b>	13,630
Market Value at 1 April 2021	<b>12,177</b>	8,730
Acquisitions at cost	<b>6,686</b>	7,495
Less disposals	<b>(5,373)</b>	(6,383)
Gain/(Loss) on disposals	<b>943</b>	1,064
Unrealised gain/(loss) on revaluation	<b>(475)</b>	1,271
<b>Market Value at 31 March 2022</b>	<b>13,958</b>	12,177
<b>Cash held for investment</b>		
At 1 April 2021	<b>1,453</b>	2,419
(Decrease)/increase	<b>(1,134)</b>	(966)
At 31 March 2022	<b>319</b>	1,453

The historic cost of investments at 31 March 2022 was £12.744m (2020/21 £11.508m).

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
Portfolio	1,862	9,560	2,536	319	14,277

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 of 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 01/04/21	1,996	2,831	12,525	380	4,370	371	<b>22,473</b>
Additions	87	30	180	-	-	5	<b>302</b>
Donations	-	-	158	-	-	-	<b>158</b>
<b>At 31/03/22</b>	<b>2,083</b>	<b>2,861</b>	<b>12,863</b>	<b>380</b>	<b>4,370</b>	<b>376</b>	<b>22,933</b>

Additions to heritage assets are stated at cost, whilst donations are stated at market value.

### Five Year financial summary of additions:

	2021/22 £'000	2020/21 £000	2019/20 £000	2018/19 £000	2017/18 £000
Books	87	25	40	51	47
Subscriptions	30	32	44	55	48
Pictures, Manuscripts & Maps	180	157	312	381	148
Film and music	5	4	5	12	6
Total Additions	<b>302</b>	218	401	499	249

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.

**I3 DEBTORS – due within one year**

	<b>31<sup>st</sup> March 2022</b>	31 <sup>st</sup> March 2021
	<b>£000</b>	£000
Trade Debtors	49	42
VAT repayment due	823	484
Prepayments	397	621
Other Debtors & Accrued Income	468	326
Private Funds Accrued Income	1,084	1,168
	<b>2,821</b>	<b>2,641</b>

Included within Private funds accrued income is a balance of £1,050k which relates to a property legacy which the Library will receive 2 years after the grant of probate as per the terms of the will. The grant of probate was issued on the 16th April 2021 and therefore the Library will receive this estimated amount on or after 16th April 2023.

**I4 (a) CREDITORS - Falling due within one year**

	<b>31<sup>st</sup> March 2022</b>	31 <sup>st</sup> March 2021
	<b>£000</b>	£000
Trade Creditors	176	74
Accruals and deferred income	216	776
Holiday pay accrual	242	301
	<b>634</b>	<b>1,151</b>

**I4 (b) CREDITORS – Movement on deferred income**

	<b>31<sup>st</sup> March 2022</b>	31 <sup>st</sup> March 2021
	<b>£000</b>	£000
Deferred income brought forward	423	245
Release from previous year	(340)	(147)
Income deferred in the current year	0	325
Deferred income carried forward	<b>83</b>	<b>423</b>

Deferred income relates to grants received.

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

	<b>At 1 April 2021 £000</b>	Incoming Resources £000	Resources Expended £000	Other Movements In Year £000	<b>At 31 March 2022 £000</b>
<b>PUBLIC FUNDS</b>					
Unrestricted – Public Pension	(27,920)	-	(1,460)	(3,380)	<b>(32,760)</b>
Unrestricted	789	12,037	(11,246)	-	<b>1,580</b>
	<b>(27,131)</b>	<b>12,037</b>	<b>(12,706)</b>	<b>(3,380)</b>	<b>(31,180)</b>
<b>Restricted: -</b>					
Capital and digital development	52,288	4,390	(1,575)	(101)	<b>55,002</b>
Revaluation Reserve*	21,370	-	-	4,751	<b>26,121</b>
Other restricted funds	60	1,565	(1,417)	-	<b>208</b>
Purchase grant funds	9,067	305	-	-	<b>9,372</b>
<b>Total restricted public funds</b>	<b>82,785</b>	<b>6,260</b>	<b>(2,992)</b>	<b>4,650</b>	<b>90,703</b>
<b>TOTAL PUBLIC FUNDS</b>	<b>55,654</b>	<b>18,297</b>	<b>(15,698)</b>	<b>1,270</b>	<b>59,523</b>

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

Other movements in the year £1,270k include:

- Tangible Fixed Asset Revaluation, Indexation and impairment – £4,751k
- Actuarial gains / (losses)– (£3,380k)

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

	Unrestricted	Restricted	Collection	<b>Total</b>	Total
	£000	£000	£'000	<b>2021/22</b>	2020/21
				<b>£000</b>	£000
<b>Income</b>					
Donations and Bequests	58	1	158	<b>217</b>	1,688
Interest Receivable	228	4	-	<b>232</b>	161
<b>Total</b>	<b>286</b>	<b>5</b>	<b>158</b>	<b>449</b>	<b>1,849</b>
<b>Resources Expended</b>					
Costs of raising funds	54	1	-	<b>55</b>	45
Private project expenditure	-	15	-	<b>15</b>	28
(Profit) / loss on sale of investments	(926)	(17)	-	<b>(943)</b>	(1,063)
<b>Total</b>	<b>(872)</b>	<b>(1)</b>	<b>-</b>	<b>(873)</b>	<b>(990)</b>
<b>Net Incoming/ (Outgoing)</b>	<b>1,158</b>	<b>6</b>	<b>158</b>	<b>1,322</b>	<b>2,839</b>
<b>Resources</b>					
Transfers	110	(25)	16	<b>101</b>	(850)
	1,268	(19)	174	<b>1,423</b>	1,989
Unrealised(loss)/ gain on investments	(475)	-	-	<b>(475)</b>	1,271
Net movement in private funds during the year	<b>793</b>	<b>(19)</b>	<b>174</b>	<b>948</b>	<b>3,260</b>
Brought forward at 1 April	14,822	249	7,479	<b>22,550</b>	19,290
<b>Carried Forward at 31 March</b>	<b>15,615</b>	<b>230</b>	<b>7,653</b>	<b>23,498</b>	<b>22,550</b>

The total of private restricted and collection funds represents total restricted private funds of £7,883k.

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

	Unrestricted	Restricted	Unrestricted	Restricted	<b>Total</b>
	public	public	private	private	
	£'000	£'000	£'000	£'000	<b>£'000</b>
Fixed Assets	-	88,793	14,032	7,881	<b>110,706</b>
Cash at bank and in hand	1,255	-	1,583	2	<b>2,840</b>
Other net current assets/ (liabilities)	325	1,910	-	-	<b>2,235</b>
Creditors of more than one year	(32,760)	-	-	-	<b>(32,760)</b>
<b>Total</b>	<b>(31,180)</b>	<b>90,703</b>	<b>15,615</b>	<b>7,883</b>	<b>83,021</b>

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

	<b>2021/22</b>	2020/21
	<b>£000</b>	£000
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	3,942	3,208
Profit on sale of investments/ fixed assets	(943)	(1,063)
FRS 102 interest pension adjustment	330	430
Depreciation and amortisation charges	1,575	1,318
(Increase)/ Decrease in stock	(2)	-
Heritage asset donations (non-cash)	(158)	(453)
(Increase)/ Decrease in debtors	(180)	(748)
(Decrease)/ Increase in creditors	(518)	502
Pension current service cost adjustment	1,130	1,340
<b>Net cash flow from operating activities</b>	<b>5,176</b>	<b>4,534</b>

## 18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2021/22</b>	2020/21
	<b>£000</b>	£000
Bank account balances	2,840	1,614
Bank accounts held within investments	319	1,453
Cash and cash equivalents at 31 March	<b>3,159</b>	3,067

## 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.

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.

Related party transactions with Board members and members of the senior management team are noted in the table below.

Related Party	Relationship	2021/22		2020/21	
		Income	Debtor	Income	Debtor
		(Expenditure)	(Creditor)	(Expenditure)	(Creditor)
		£	£	£	£
National Lottery Heritage Fund	Mr David Michael, Director of the Library is an independent member of the Audit Committee. Dr Gwenllian Lansdown Davies, Trustee of the Library is a Member of the executive Board in Wales.	748,173	425,013	399,924	232,682
Cardiff University	Dr Janet Wademan, Trustee of the Library is a Council Member.	(4,770)	0	(3,472)	0
Gŵyl Hanes Cymru i Blant	Ms Eleri Twynog Humphries, Trustee of the Library (to 30.6.21) is a Director.	0	0	(1,200)	0
Aberystwyth University	Ms Meri Huws, Trustee of the Library (to 9.8.21) is a Council Member.	1,737 / (11,736)	216	208 / (8,590)	0
Eisteddfod Genedlaethol	Mr Ashok Ahir, Trustee of the Library is President of the National Eisteddfod Court and Chair of the Eisteddfod Management Board	470	0	0	0

At 31 March 2022, the Library had consolidated debtors and creditors with other Government financed bodies as follows:

	Debtors	Creditors: due in 1 year
	£000	£000
Central Government bodies	870	83
Local Government bodies	94	7
Non-Government Bodies	1,857	544
Total	2,821	634

## 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 2021/22, £17.159m or 91% of the Library's consolidated income derived from the Welsh Government (2020/21 £14.255m or 82%). The balance, £1.617m or 9% (2020/21 £3.05m or 18%) 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 1/80<sup>th</sup> of pensionable salary for each year of service. The latest full actuarial valuation was at 31 March 2019 and it was assessed that the Scheme was 100% funded.

During 2021/22, the Library contributed 27.2% of pensionable salaries and an additional contribution of £1m, expected employer contributions for 2022/23 are £1.8 million.

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

	31 March 2022	31 March 2021
	£m	£m
Fair value of assets (22b)	87.44	82.45
Actuarial value of scheme liabilities (22c)	120.20	110.37
Pension liability recognised in balance sheet	<b>(32.76)</b>	<b>(27.92)</b>

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

	Year Ended 31 March 2022	Year Ended 31 March 2021
	£m	£m
Scheme assets at beginning of year	82.45	74.14
Benefits paid from plan assets	<b>(2.43)</b>	(2.24)
Employer contributions	2.66	2.09
Member contributions	0.09	0.10
Administrative costs	<b>(0.12)</b>	(0.14)
Interest income on Scheme Assets	1.03	1.33
Return on scheme assets greater/(less) than discount rate	3.76	7.17
<b>Scheme assets at end of year – (22a)</b>	<b>87.44</b>	82.45



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

	Year Ended 31 March 2022	Year Ended 31 March 2021
	£m	£m
Scheme liabilities at beginning of year	110.37	98.63
Interest cost on the DBO	1.36	1.76
Effect of employee services in the current period	3.67	3.29
Member contributions	0.09	0.10
Benefits paid from plan assets	(2.43)	(2.24)
Remeasurement on the DBO/ change of assumptions	7.14	8.83
<b>Scheme liabilities at end of year – (22a)</b>	<b>120.20</b>	<b>110.37</b>

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

	Year Ended 31 March 2022	Year Ended 31 March 2021
	£m	£m
Effect of employee services in the current period	3.67	3.29
Net interest on net defined benefit liability/ (asset)	0.33	0.43
Defined benefit cost recognised in P&L	4.00	3.72
Administration costs during the period	0.12	0.14
<b>Total cost recognised in SOFA</b>	<b>4.12</b>	<b>3.86</b>

**(e) Actuarial Gains/(Losses) charged to the SOFA (Other recognised gains/(losses))**

	Year Ended 31 March 2022	Year Ended 31 March 2021
	£m	£m
Return on scheme assets (greater)/ less than discount rate – (22b)	(3.76)	(7.17)
Actuarial loss/(gain) arising during period – (22c)	7.14	8.83
Total actuarial loss/(gain) recognised in reserves	3.38	1.66

**(f) Total defined benefit cost**

	Year Ended 31 March 2022	Year Ended 31 March 2021
	£m	£m
Total cost recognised in SOFA – (22(d))	4.12	3.86
Remeasurement effect recognised in reserves (22(e))	3.38	1.66
<b>Defined benefit cost</b>	<b>7.50</b>	<b>5.52</b>

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

	<b>Year Ended 31 March 2022</b>	Year Ended 31 March 2021
	<b>£m</b>	£m
Net defined (liability) at beginning of year	<b>(27.92)</b>	(24.49)
Effect of employee services in the current period (22c)	<b>(3.67)</b>	(3.29)
Net interest on net defined benefit liability/ (asset)	<b>(0.33)</b>	(0.43)
Remeasurement effect recognised in reserves (22(e))	<b>(3.38)</b>	(1.66)
Employer contributions (22b)	<b>2.66</b>	2.09
Administrative costs (22b)	<b>(0.12)</b>	(0.14)
<b>Scheme liabilities at end of year – (22a)</b>	<b>(32.76)</b>	(27.92)

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

	<b>31 March 2022</b>		<b>31 March 2021</b>	
	£m	%	£m	%
Equities	<b>26.50</b>	<b>30.3</b>	20.81	25.2
Bonds	<b>51.76</b>	<b>59.2</b>	54.71	66.4
Property and other	<b>9.18</b>	<b>10.5</b>	6.93	8.4
<b>Total value of assets</b>	<b>87.44</b>		82.45	

**(i) Financial Assumptions**

The financial assumptions made in order to calculate the FRS 102 disclosure requirements are as follows:

	<b>31 March 2022</b>	31 March 2021
	<b>%per annum</b>	%per annum
Price Inflation	<b>2.90</b>	2.22
Rate of Salary Increase	<b>2.90</b>	2.22
Rate of increase of pensions in payment*	<b>2.90</b>	2.22
Discount rate**	<b>1.55</b>	1.25

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

\*\* prescribed by HM Treasury

The discount rate used for FRS 102 disclosures is different to that used by the Actuary for the most recent financial assessment of the Scheme at 31 March 2019. The requirement to use the Treasury's discount rate for the FRS 102 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:

	<b>31 March 2022</b>	31 March 2021
	<b>£000</b>	£000
Contracted – building works	<b>1,806</b>	210
Contracted – computer equipment	<b>312</b>	-
	<b>2,118</b>	210

## 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 22 July 2022, which would have meant that the accounts had to be adjusted.