



LLYFRGELL GENEDLAETHOL CYMRU
THE NATIONAL LIBRARY OF WALES

ANNUAL ACCOUNTS 2020-21

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REFERENCE AND ADMINISTRATIVE DETAILS

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

Ministerial Appointees:

Meri Huws (Vice President and Interim President from 1 April 2020)
Vice President - vacant
The Lord Aberdare (to 31 March 2021)
Dr Elizabeth Siberry (to 31 March 2021)
Steve Williams (to 31 March 2021)
Michael Cavanagh
Quentin Howard
Carl Williams
David Hay (from 1 April 2021)
Lydia Rumsey (from 1 April 2021)
Dr Janet Wademan (from 1 April 2021)

National Library Appointees:

Lee Yale-Helms (Treasurer)
D. Hugh Thomas (to 31 March 2021)
Gwilym Dyfri Jones (to 31 March 2021)
Eleri Twynog Davies (to 30 June 2021)
Dr Gwenllïan Lansdown Davies
Dr Anwen Jones
Dr Elin Royles
Susan Davies (from 1 April 2021)
Professor Elaine Treharne (from 1 April 2021)
Peter Florence (from 1 July 2021)

Members of the Executive Team as at 31 March 2021:

Chief Executive and Librarian and Accounting Officer

Pedr ap Llwyd

Director and Deputy Chief Executive and Librarian (Corporate Resources)

David H Michael

Director and Deputy Chief Executive and Librarian (Collections and Public Programmes)

Dr Owain Rh Roberts

Advisers:

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

TRUSTEES' and ACCOUNTING OFFICER'S ANNUAL REPORT

1 GOVERNANCE STATEMENT 2020 - 2021

1.1 Statutory Background and Governing Document

The National Library of Wales ('the Library') was established by Royal Charter on the 19th of March 1907. Supplemental Charters were granted in 1911 and in 1978, with slight constitutional revisions. On the 19th of July 2006 a new Supplemental Charter was granted by Queen Elizabeth II. The 2006 Supplemental Charter changed the 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 National Library of Wales is also a Registered Charity (number: 525775) and a Welsh Government Sponsored Body (WGSB). It is funded by a combination of grant in aid allocated by Welsh Government, and income secured through its commercial, fundraising and charging activities. An annual remit letter from the Deputy Minister with responsibility for the Library sets out the Library's grant in aid allocation and conditions.

Its dual nature as a Royal Charter foundation and a Registered Charity, and also a Welsh Government Sponsored Body governs how it operates and fulfils its role and obligations, which require a delicate balance between pursuing and fulfilling (a) the 'objects' of its Charter and Charitable status, which reflect its foundation purpose, and (b) the principles of arms-length government. These objects are "to collect, preserve and give access to all kinds and forms of recorded knowledge, especially relating to Wales and the Welsh and other Celtic peoples, for the benefit of the public, including those engaged in research or learning."

1.2 Scope of Responsibility

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

The respective responsibilities of the Deputy Minister, Sponsor Department (CyMAAL), the Board of Trustees and its President, and the Chief Executive and Librarian are outlined in the Framework Document drawn up by the then Museums Archives and Libraries Division (MALD) in 2010 which regulates the relationship between the Welsh Government and the Library. A revised Framework Document will be published in 2021.

The role of the Board is to provide effective leadership, defining and developing strategic direction, setting challenging objectives, promoting high standards of public finance, ensuring that the Library discharges its functions effectively and efficiently, and monitoring performance, including the performance of the Chief Executive and Librarian, to ensure that the Library fully meets its aims, objectives and performance targets and delivery against plans and budgets. Trustees are required to act solely in the interest of the charity, and are not currently remunerated. However, following a decision taken by the Board of Trustees in February 2020, the post of President will be remunerated from 1 April 2021, however Meri Huws has indicated that she will not be accepting remuneration while serving as Interim President.

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 informed of all such communications. It is also the President's responsibility to ensure that the Board's policies and actions support the Deputy Minister's wider strategic policies and that its affairs are conducted with probity.

As Accounting Officer, the Chief Executive and Librarian is personally responsible for stewardship of the public funds for which he has charge, for day to day operations and management of the Library and for ensuring compliance with Managing Welsh Public Money (January 2016). The role and special responsibilities of the Accounting Officer are also delineated in this document.

1.3 Corporate Governance Framework

Minor revisions were made to both the Corporate Governance Framework and the Regulations during 2020, and these were adopted by the Board in November 2020. The Corporate Governance Framework lays down the key responsibilities of the Board of Trustees and Executive Team of the Library, the Board's powers of delegation and the conduct expected of the Board; the Governance Framework also incorporates the Trustees' Code of Conduct. The Regulations lay down the proceedings of the Board and its Committees.

1.4 Recruitment and appointment of Trustees

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

Owing to the COVID-19 pandemic which saw the Public Bodies Unit suspend public appointment campaigns until September 2020, the Library, at the request of Welsh Government, agreed to extend those ministerial appointees whose terms of office were ending in October 2020, and also those ending in January 2021, until 31 March 2021, namely Lord Aberdare, Dr. Elizabeth Siberry and Steve Williams. The Library also extended the terms of Library appointed Trustees accordingly, namely Hugh Thomas and Gwilym Dyfri Jones.

In October, the Library worked closely with the Public Bodies Unit and Sponsor Body on a recruitment campaign to appoint a Vice President, three Welsh Government appointed Trustees, and two Library appointed Trustees. Owing to the low level of applicants for the post of President, Welsh Government extended Meri Huws' appointment as interim President until September 2021, which has since been extended to the end of March 2022, owing to the Senedd election, and to allow sufficient time to run another recruitment campaign.

We welcome Professor Elaine Treharne, Lydia Rumsey, Dr Janet Wademan, Susan Davies and David Hay who were successfully appointed as Trustees, and took up their duties on 1 April 2021. We also welcome Peter Florence, who took up his duties on 1 July 2021.

We thank the outgoing Trustees for their dedicated service to the Library, and for agreeing to their tenures being extended for a period to ensure continuity for the Library at an especially challenging time as it faced the challenges of the COVID-19 pandemic.

The Treasurer's current term of office was due to expire on 31 July 2021, however to ensure continuity at a challenging time, the Board agreed at its meeting on 26 March 2021 to extend his tenure for a further two years until 31 July 2023, in accordance with the Library's Statutes.

1.5 Trustee induction and training

During the year, the Trustee's Handbook was updated to include the revised Corporate Governance Framework and Regulations and also an amended Charity Governance Code.

Owing to the COVID-19 pandemic, training took place online, and Trustees participated in webinars on managing charity governance, operations and finance, and also one on managing the workforce during a crisis and an overview of Trustees' duties.

One to one training on the presentation of the Management Accounts and the Annual Accounts was also delivered by the Library's Head of Finance and Enterprise.

In November 2020, the Board approved a training programme for 2021/22 which includes induction training for new Trustees and ongoing training for existing Trustees, which will be operational from April 2021.

1.6 The Board and its Committees

The COVID-19 pandemic meant that meetings had to be held online, and the Board of Trustees held the first such meeting on 1 May 2020, with full simultaneous translation. This change also meant that Board papers, for the first time, were circulated electronically to all Board members, either via the dedicated Board portal, or via the Library's Teams. The Board held its scheduled six meetings during the year, and an additional 2 extraordinary meetings; the meeting on 4 June 2020 was held specifically to discuss the outcomes of the Tailored Review report, while the additional meeting on 10 February 2021 was held specifically to discuss the Library's position following receipt of an additional £2.25m funding from Welsh Government.

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

Board agendas and minutes are published and made available on the Library's website, together with a summary of papers presented at Board meetings.

<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>

Committee Structure

Committee	Key responsibilities
Audit and Risk	A standing Committee which encompasses all the assurance needs of the Board of Trustees and Accounting Officer in their responsibilities for issues of finance, risks, internal control and governance. The Committee also engages with the work of Internal and External Audit and financial reporting issues.
Governance and Performance	A standing Committee which encompasses all the governance and performance monitoring needs of the Board of Trustees and Executive by monitoring service delivery and performance and reviewing policies and procedures.
Financial Planning	A standing Committee which encompasses the financial performance monitoring needs of the Board of Trustees and Executive, in particular the Library's investment portfolio and the use of the its private funds, its commercial activities, and the performance of its fundraising campaigns.

Board and Committee Membership

	Current term	Expires	Board	Audit and Risk	Gov. & Performance	Financial Planning
Meri Huws	1st	31.08.2023	Interim President	-	Chair	-
Lee Yale-Helms	1st	31.07.2021 (extended until 31.07.2023)	Treasurer	Ex officio member	-	Chair
Hugh Thomas	2nd	31.10.2020 (extended until 31.03.2021)	Member	Chair	-	-
Lord Aberdare	2nd	31.10.2020 (extended until 31.03.2021)	Member	-	-	-

		31.03.2021)				
Elizabeth Siberry	1st	31.10.2020 (extended until 31.03.2021)	Member	-	Member	-
Gwilym Dyfri Jones	1st	31.01.2021 (extended until 31.03.2021)	Member	-	Member	Member
Steve Williams	1st	31.01.2021 (extended until 31.03.2021)	Member	Member	-	-
Eleri Twynog Davies	1st	30.06.2021	Member	-	Member	-
Mike Cavanagh	1st	31.08.2023	Member	Member	-	-
Quentin Howard	1st	31.08.2023	Member	-	-	Member
Carl Williams	1st	31.08.2023	Member	-	-	Member
Anwen Jones	1st	29.02.2024	Member	-	-	-
Elin Royles	1st	29.02.2024	Member	Member	-	-
Gwenllian Lansdown Davies	1st	29.02.2024	Member	-	-	-

In addition to the standing committees, the Board has also established a Buildings Advisory Panel to oversee the capital building programme at the Library. The Panel was chaired by Dr Liz Siberry, Trustee until 31 March 2021, and Mike Cavanagh was appointed Chair with effect from 1 April 2021.

The following Trustees were elected to serve on the Pensions Fund Board – Carl Williams (May 2020), Anwen Jones (July 2020) and Meri Huws (September 2020).

A register of Board member's interests is maintained by the Corporate Governance Manager, and is open to inspection at the Library on application. Completed declaration of interests forms for 2021 have been included in the register.

Board and Committee Attendance

	Board	Audit and Risk	Governance & Performance	Financial Planning
Meri Huws	8/8		4/4	
Lee Yale-Helms	8/8	3/3		7/7
Lord Aberdare	8/8			
Hugh Thomas	6/8	2/3		
Elizabeth Siberry	8/8		3/4	
Gwilym Dyfri Jones	8/8		3/4	6/7
Steve Williams	7/8	3/3		
Eleri Twynog Humphries	7/8		3/4	
Mike Cavanagh	8/8	1/3		
Quentin Howard	8/8			7/7
Carl Williams	5/8			6/7
Anwen Jones	6/8			
Elin Royles	7/8	2/3		
Gwenllian Lansdown Davies	8/8			

*The interim Chair attends meetings of the Audit and Risk Committee and Financial Planning Committee as an observer.

Audit and Risk Committee

In accordance with Library Regulations and best practice the Audit and Risk Committee includes two independent members, Rhian Evans and Janet Wademan, who were both appointed in May 2020 following an open selection process. Both members took up their positions on 1 June 2020 and appointed to serve for a period of four years.

The Library's internal auditors and representatives from Audit Wales also attend Committee meetings. The Library's sponsor division, CyMAAL, reserves the right for a representative to attend one meeting a year.

The Audit and Risk Committee kept the management of risk, and the Library's main strategic risks, under careful scrutiny throughout the year, and at the request of the Chair of the Audit and Risk Committee, the Corporate Risk Register

is now presented to the Board of Trustees at each meeting, following its review and revision by the Committee.

Elin Royles was appointed to the Committee in June following her Board appointment.

The Committee met three times during the year, with the meeting on 17 April 2020 being cancelled, and business carried forward to the next scheduled meeting.

Financial Planning Committee

The Committee devoted considerable time during the year in scrutinising and reviewing the financial plans and budgets prepared by the Executive Team in light of the COVID-19 pandemic, and implications on the Library's financial stability. Also discussed at length were the Library's Pension Scheme, and the options available for changing the current scheme or moving to an alternative scheme, and also the Library's revised redundancy terms.

The Committee also considered any requests for use of the Library's private funds and made recommendations accordingly to the Board of Trustees on whether these should be approved.

In addition to its four scheduled meetings, the Committee held three extraordinary meetings during the year to discuss specific matters as they arose. The meeting on 14 August 2020 was held to specifically discuss the Library's proposed revised redundancy scheme ahead of the corporate restructuring exercise, while the meeting on 9 February 2021 was held to discuss the implications of the receipt of additional funding of £2.25m allocated to the Library by Welsh Government, and the conditions pertaining to the allocation of that funding. Discussions at the third extraordinary meeting on 22 March centred around an outline costed plan for the implementation of the Tailored Review recommendations and a draft revised budget for 2021/22.

Governance and Performance Committee

This Committee had not met regularly during 2020, until the Interim President took the Chair in September.

The main area of scrutiny for this Committee during the remainder of 2020 was the Tailored Review and its Operational Plan, a plan jointly drafted by the Library and Welsh Government to implement the recommendations and findings of the Tailored Review published in 2020.

In addition to the three scheduled meetings held during the year, an extraordinary meeting of the Committee was held on 19 March 2021 specifically to discuss the governance implications of the receipt of the additional funding allocated to the Library by Welsh Government in February 2021, and the conditions pertaining to the allocation of the funding.

The Committee also scrutinised in detail the performance indicators for 2020/21, discussed the amendments to the Corporate Governance Framework and Regulations, and the Trustees' training programme for 2021/22.

1.6 Board Performance

Appraisals of Board members were undertaken by the Interim President during January 2021, and the interim President's appraisal was undertaken by the Director of CyMAAL, also in January 2021. The Board had previously postponed undertaking an assessment of its own effectiveness as it awaited the publication of the Tailored Review Report. Following the publication of that report, which recommended that the Board assess its own effectiveness and that of its committees every three years, undertaking regular skills assessments and development evaluation, this will now be considered during 2021.

The Board is satisfied that it is provided with timely and accurate information for areas for which they are responsible, and considers that the quality and quantity of information provided is sufficient for it to conduct its role.

In addition to receiving the minutes of each meeting of the Audit and Risk Committee, Financial Planning Committee and Governance and Performance Committee, the Board also received minutes of each meeting of the Buildings Advisory Panel.

The Board also received reports on strategic and financial performance, risk management, the Library's investments, Pension Scheme and progress reports against the targets set in the annual operational plan.

In addition to standing items, the following significant issues were also considered by the Board during the year:

- The National Broadcast Archive – the Board approved a revised project programme, which was submitted to the National Heritage Lottery Fund;
- Tailored Review – the Board approved a detailed joint operational plan by the Library and Welsh Government for implementing the recommendations of the Tailored Review report. Progress against the plan will be kept under review on behalf of the Board by the Governance and Performance Committee;
- Approval of revised staff redundancy terms;
- Corporate restructuring programme;
- Approval of revised Charitable Reserves Policy 2020 – 2025;
- Approval of the 2021 – 2026 Strategic Plan;

- Capital Building Programme – regular reports were received on the development and refurbishment of Gregynog Gallery and the Main Hall;
- COVID-19 – the Board received regular reports on the financial implications, the effect on Library events and activities, and how it had adapted to the challenge of staging virtual events;
- Cyber Security – the Board is acutely aware of the increased risk of cyber-attacks and this is regularly scrutinised by the Audit and Risk Committee, and reported to the Board. Trustees will undertake specific training in this area during 2021.

1.7 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 Internal Audit Service in compliance with the Public Sector Internal Audit Standards. A programme of work for 2021/22 has been agreed and approved by the Audit and Risk Committee. Owing to the COVID-19 pandemic, audits during 2020/21 were carried out remotely.

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. Regular internal audit reports are presented to the Audit and Risk Committee to allow members to review and challenge assurance statements and other evidence provided by management. The Head of Internal Audit 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 internal audits were presented to the Committee during 2020/21:

- Main Building Envelope Construction Project – May 2020
- Health and Safety Follow Up – June 2020
- Cyber Security Follow Up – August 2020
- COVID-19 – Changes to Financial Control Processes – October 2020
- Corporate Records Management – November 2020
- Strategic and Financial Planning – October/November 2020

All the above audits received a reasonable assurance rating, with the exception of the Corporate Records Management Audit, which received a limited assurance rating. Management actions were agreed for the latter audit, and the Committee has received assurance that significant steps have been taken to address all the actions contained in the audit.

1.8 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. The Library has acted in accordance with the Good Governance Code: A Code for the Third Sector in Wales and the Board of Trustees have ensured, again in accordance with this particular code of practice, that the Library has robust governance arrangements in place to promote high performance and safeguard propriety and regularity.

As a Registered Charity, the Library has acted in accordance with the Good Governance Steering Group's Charity Governance Code and the Charity Commission's The Essential Trustee (CC3) guide and codes of practice.

1.9 Risk Management and Controls

The Library's system of internal control as laid down in its Assurance Framework relating to Risk Management is based on an on-going process designed to identify and prioritise the risks to the achievement of its Strategy and annual Operational Plan; to evaluate the likelihood of those risks being realised and their potential impact; and to manage them efficiently, effectively and economically. A revised Assurance Framework was presented to the Audit and Risk Committee for consideration in April 2021.

The Corporate Risk Register identifies, documents, assesses and considers the key strategic and operational risks relating to the Library's activities. These are kept under constant review by the Executive Team and other assigned risk owners and action is taken as appropriate to manage and mitigate these risks. Staff are informed of their duties in relation to risk management through the Core Brief, (a means of communicating key corporate messages to staff), and encouraged to contribute to the process.

No new risks were included during the year, but the effect of the COVID-19 pandemic was closely monitored and scrutinised at each Audit and Risk Committee meeting, and scoring adapted to reflect the constantly changing circumstances. Cyber Security is another area which has come under close scrutiny during the past year and the Audit and Risk Committee have resolved to undertake an internal audit in this area during 2021 to gain assurances that the Library has appropriate mitigations in place.

Following recommendations made by the Audit and Risk Committee, residual risk score and suggested target risk score are now included on the Risk Register.

The Library remains cautious in its approach to managing risk 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 most significant future risk to the Library relates to the possibility of further reductions in Welsh Government Grant-in-Aid as a

result of future pressures on UK public expenditure, especially in the light of the current COVID-19 crisis, to a level where the Library is unable to deliver its objectives.

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

The Office of the Commissioner for Well Being of Future Generations has informed the Library that the revised programme for the National Broadcast Archive Project is to be highlighted in a published case study illustrating how the revised changes to the programme respond positively and constructively to the requirements of the Act.

The Library is also embarking on an ambitious decarbonisation programme which aims to see the Library achieving an 80% carbon reduction by 2030.

The Library was certified annually for Cyber Essentials, Cyber Essentials+ and IASME until 29th November 2020. The re-certification process was delayed until March 2021 due to changes in priorities and resources caused by the pandemic. The process and requirements to re-certify are fully underway. All information security incidents were fully reported to the Executive and Audit and Risk Committee, and dealt with internally. There were no security breaches which required reporting to the Information Commissioner.

COVID-19

Following the lockdown which saw the Library having to close its doors to the public on 17 March 2020, it reopened to readers on 1 September 2020 on a pre booking basis, and with a restricted service. Those staff who had been identified as being unable to work from home during the pandemic began a gradual return to the Library on 20 July.

The Library was again forced to close its doors on 18 December 2020 during the second lockdown, and has reopened again to readers and staff following the Easter break in April 2021, when restrictions were lifted.

Signed on behalf of the Board:

Paul ap Iwan

[Signature]

Pedr ap Llwyd

Lee Yale-Helms

Librarian & Chief Executive & Accounting Officer
23 July 2021

Treasurer
23 July 2021

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 are as follows:-

2.3.1. **Collecting:**

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

This function is carried out through:

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

2.3.2. Preserving and Conserving:

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

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

2.3.3. Providing access and information:

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

- monitoring and analysis of user needs;
- providing access to public spaces, collections and facilities within the building;
- arranging access to collection items and information services for on-site users or via on-line communication for remote users;
- providing easy access to catalogues of the Library's collections and electronic resources, and to its corresponding digital versions.

2.3.4 Publicising and interpreting:

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

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

2.3.5. Professional collaboration:

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

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

Support functions:

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

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

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

3. ACHIEVEMENT AND PERFORMANCE

3.1 Key highlights in 2020/21

The coronavirus pandemic had a significant impact on the work of the Library during 2020/21 with the building closed to staff and researchers and visitors for extended periods. However, the pandemic presented many opportunities and there have been significant achievements in many areas during the year in particular:

3.1.1 National Broadcast Archive Project

The project to establish a National Broadcast Archive was launched in July 2019. This exciting and pioneering 5-year project worth over £9m will establish a National Broadcast Archive for Wales, the first national broadcast archive in the UK. The project was remodelled during 2020-21 to respond to the coronavirus pandemic and other opportunities. It will enable the public to access the wealth of broadcast material online and at a host of new centres across Wales, enabling the public to view, listen, and enjoy this entire collection, alongside ITV Wales and NLW's audiovisual collection.

3.1.2 Online Events Programme

In response to the COVID-19 lockdown the Library launched an online events programme that allowed the Library to reach a wider audience, invite a broader range of speakers and contributors and to collaborate with a number of external partners.

3.1.3 Development of the Library Building

Throughout the pandemic, the iconic Library building in Aberystwyth has undergone an extensive refurbishment programme thanks to capital funding provided by the Welsh Government. In addition to refurbishment there is a renewed focus on developing the Library building to attract and welcome visitors. During 2020-21 we saw the refurbishment of the Gregynog Gallery.

3.1.4 Online Exhibitions

A digital exhibition of First World War portraits by DC Harries was published in time for Remembrance Sunday 2020. The Paul Peter Piech and Nick Treharne exhibitions that were to be held in the building were converted into digital exhibitions, using People's Collection Wales as a platform. A suite of online exhibitions based on the collections was launched on the Google Arts & Culture platform in March 2021.

3.1.5 Mass Digitisation

The pandemic enabled the Library to redeploy resources to increase the number of digital collections processed and made available online. A total of 468,677 new digital pages were made available during 2020/21, which was a significant increase compared to 2019/20.

3.1.6 The Nation's Memory: Informing the Future: 2017-2021 strategic plan

There have been many notable achievements during the 5-year strategic planning period ending March 2021 in particular:

- Over 6.1 million visits to our websites and online resources between April 2017 and October 2020, and an increase of 57% between April 2017 and April 2020.
- A substantial increase in the collections available digitally, by digitising physical materials, collecting e-publications and archiving websites. A total of 7 million digitised items are now available through our newly-designed catalogue.
- An award-winning volunteer programme enriched our collections and, more importantly, transferring new skills and confidence to participants.
- The Places of Wales website to share the work of more than 1,300 volunteers who contributed to the Cynefin tithe map project and a platform for future crowdsourcing projects.
- Our contribution to Welsh Government's Wales Remembers programme to commemorate the centenary of the First World War and collaboration with the Wales at Peace project to digitise and transcribe the Welsh National Book of Remembrance.
- Sharing more than 17,000 digital objects on Wikicommons, which led to their use in Wikipedia articles in 185 languages worldwide which were viewed around 18 million times a month in 2020.
- Securing funding for the establishment of a National Broadcast Archive for Wales, the first of its kind in the UK.

3.2. Key Achievement Indicators

The Library's performance against its targets was reported to the Welsh Government in 2020/21 as follows:

	Target	Attainment
1a Number of user visits (total)	1,865,000	2,085,209
1 Number of visits to the Library's digital collections and services (total)	1,800,000	2,085,209
1c New users to the Library's digital collections and services	1,000,000	1,233,995
1e Number of responses to remote enquiries	7,000	3,369
2a User satisfaction - physical visits	96%	100%
2b User satisfaction - digital visits	80%	85%
3a Total number of events (total)	150	159
3b On-site events organized by the Library	80	77
3d Outreach events organized by the Library	70	82
4a Number of participants in each of the Library's activities (total)	11,500	9,636
4b Number of participants at on-site events organized by the Library	10,000	8,222
4c Number of participants at outreach events organized by the Library	1,500	1,414
5d Digital Volunteers	800	848
6a Number of Fusion events and Education Service activities	35	40
6b Participants in Fusion events and Education Service activities	900	738
7a Number of new interpretation items published online by the Library	1,200	2,488

7	New digital pages created through the	200,000	468,677
b	Library's digitization program		
8a	Number of impressions across social media	2,750,000	3,632,581
	channels		
8	Reach of the Library's content on Wikimedia	190,000,000	244,402,588
b			

The attainment figure for 1a does not include physical visits to the Library which were limited due to the COVID-19 pandemic during 2020-21.

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

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

4 FINANCIAL REVIEW

4.1 Financial Results and Allocations

The accounts are prepared under Section 9(4) of the Museums & Galleries Act 1992 in a form directed by Ministers of the Welsh Government with the approval of the Treasury. The Library's net incoming resources for the financial year were £3,208k (2019/20: £808k)). The Library's incoming resources totalled £17.31m (2019/20: £14.54m) and total resources expended were £14.10m (2019/20: £13.73m).

The unrestricted public reserve increased from £338k to £789k.

Fund balances at 31 March 2021 stood at £78.2m (31 March 2020 £75.8m).

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. This requirement is particularly difficult at a time of financial uncertainty and mitigation of risks would justify carrying higher levels of reserves due to the financial outlook. Therefore, the Library is exposed to a high level of financial risk and the requirements of the Welsh Government do not help to promote good financial and risk management in relation to the level of reserves held.

4.4.2 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.

4.5.4 Restricted Private Funds

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

4.6 Investment Policy

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

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

The Library has appointed investment managers, Investec Wealth & Investment, who are responsible for investing the private funds portfolio. The managers have been set a benchmark for the performance of the investment portfolio, and in 2020/21 a return of 22.76% was achieved against a benchmark of 16.63% (2019/20: -4.99% against a benchmark of -4.81%).

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 2021, the market value of the investments and cash was £13.63m (£11.15m on 31 March 2020).

4.7 Key risks and uncertainty

4.7.1 Financial uncertainty

Following discussion 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. It is expected that this £1,000k will be confirmed in the Library's baseline GIA from 2022/23 onwards.

The Library reviewed its policy for charitable reserves during 2020/21. Unrestricted private funds are available to the Board in order to manage financial risk as part of its reserves policy.

4.7.2 Pension Scheme

An actuarial valuation of the scheme was obtained on 31st 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 1st April 2022 following an additional employer contribution of £400k in March 2020 and a further £400k in March 2021.

As at 1st 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.

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 2020-21, the following was achieved: -

	2020-21	2019-20	2018-19
Water consumption			
Water consumption m ³	6,139	9,585	10,323
Water consumption m ³ per WTE*	28.46	43.37	40.48
Water supply costs £	£23,110	£39,191	£47,054
Paper consumption			
Paper consumption in reams (external and internal)	6	698	550
Paper consumption in reams (internal use)	2	632	514
Waste			
Total waste (tonnes)	14.17	42.44	35.11
Reused, recycled, composted	3.55	33.9	26.6
Landfill	10.62	8.58	8.51
Hazardous	-	-	-
Reused, recycled, composted as % of total waste	25.0%	79.8%	75.8%
Total disposal cost	£8,344	£9,125	£4,953
Greenhouse gas emission			
Total emission tonnes CO ₂ equivalent			
Attributable to business travel	0	17	16
Attributable to energy consumption (1,000 tCO ₂ e)			
Electricity and Gas	1,133	1,276	1,368
Attributable to energy consumption			
Electricity (kWh)	2,235,894	2,521,075	2,649,751
Gas (kWh)	3,348,749	3,458,695	3,510,705
Expenditure on business travel £ (Car, Train, Bus & Plane)	£51	£49,360	£51,591
Total energy expenditure £	£354,872	£394,724	£366,057

*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 combined heater/chiller plant is planned, and 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 the set of panels on the Outstore building installed in 2020/21 are the second such installation on the building. The Library hopes to secure future funding for

decarbonisation in the next few years with the aim of becoming carbon neutral by the mid-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 2020-21 the Library entered the last year of its current Strategic Plan covering 2017-2021. A new Strategic Plan for 2021-2026 under the title 'A Library for Wales and the World' was developed over many months from the Summer of 2020 onwards in consultation with key stakeholders. 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 over the next five years.

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.

Strategic Objective 1 Cultivate and care for the nation's memory	How will we achieve this?
<ul style="list-style-type: none">➤ Capturing contemporary Wales➤ Committed to diversity➤ Leading in preservation and management of information	<ul style="list-style-type: none">• We will develop and invest in the work of collecting and preserving digital materials in various formats• We will establish a National Broadcast Archive that will be a rich and comprehensive record of life in the 20th and 21st Centuries• We will deliver guidance and advice on conservation and raise awareness of the risks of losing the national memory in the digital age• We will develop our relationships with libraries, archives, museums and others in the heritage sector as we collect the nation's memory• We will foster our connections with ethnically diverse communities across Wales• We will work with these communities as

	<p>we continue to develop our Collections Policy</p> <ul style="list-style-type: none"> • We will review the way in which our collections are described, interpreted and promoted • We will invest in the cultivation and transfer of physical and digital conservation skills within the Library and across the sector • We will invest in the development of our technical infrastructure as a trusted home for our digital collections • We will support other organisations with the preservation of digital collections • We will share good practice in information management, conservation and collections development internationally
<p>Strategic Objective 2 Lay the foundation for a knowledge economy</p>	<p>How will we achieve this?</p>
<ul style="list-style-type: none"> ➤ Knowledge that invigorates and inspires ➤ Creating opportunities to participate ➤ Improving user experience 	<ul style="list-style-type: none"> • We will continually review the way we describe collections, to provide effective access and highlight 'hidden' collections • We will improve access to physical collections by continuing our digitisation programme • We will seek opportunities to increase the use of collections by businesses and the creative sector • We will work to ensure that information is available in an open and accessible format • We will continue to offer a range of volunteering opportunities at Library sites • We will increase opportunities for volunteering and engaging with the collections on a digital basis, using approaches such as crowdsourcing • We will support national and international participatory programmes and projects • We will develop new and innovative ways of widening access to knowledge • We will ensure that user feedback and the voice of the user are central to the development of our services • We will invest in the building in Aberystwyth as a visitor destination, where visitors from Wales and the world can research, discover and enjoy
<p>Strategic Objective 3</p>	<p>How will we achieve this?</p>

Be at the heart of national life	
<ul style="list-style-type: none"> ➤ Connecting communities ➤ Sharing collections ➤ Promoting a global Wales 	<ul style="list-style-type: none"> • 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 • We will establish connections with new communities and audiences • We will consider all opportunities to expand our connections with public bodies and organisations throughout Wales and further afield • We will improve access and connections across Wales through the activities of the National Broadcast Archive. • We will share our collections widely and openly with the aim of achieving the greatest reach and deepest engagement • We will develop methods and channels for acting in collaboration with the public to jointly interpret our history and culture • We will hold exhibitions and events on themes that are timely and relevant to Wales today • We will promote the Library's sites as cultural destinations • We will develop and deliver an International Strategy and collaborate with Welsh Government and other organisations to promote Wales on a global stage • We will continue to foster and strengthen our relationship with the Welsh diaspora
Strategic Objective 4 Empowering learning and research	How will we achieve this?
<ul style="list-style-type: none"> ➤ Enabling research and innovation ➤ Supporting formal learning ➤ Promoting informal learning 	<ul style="list-style-type: none"> • We will foster a relationship with Higher Education Institutions and research teams interested in the collections • 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' • We will collaborate with partners and stakeholders with the aim of establishing an accredited trusted digital repository as research infrastructure • We will continue to contribute to the dev

	<p>elopment of the Curriculum for Wales</p> <ul style="list-style-type: none"> • We will continue to increase our own range of digital learning resources in collaboration with partners • We will invest in our services for schools and post-16 education • We will develop a programme that supports informal learning and foster skills and transfer knowledge • We will increase the interpretative content available online as resources for informal learning • We will explore opportunities to work in partnership to support informal learning in communities across Wales
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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
23 July 2021

Lee Yale-Helms
TREASURER
23 July 2021

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
23 July 2021



Endorsed on behalf of the Board by

Lee Yale-Helms
TREASURER
23 July 2021

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 2021 under section 9 of the Museums and Galleries Act 1992. These comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes, including a summary of significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of its net income, recognised gains and losses and cash flows 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 Report other than the financial statements, the audited elements of the remuneration report and my auditor's report thereon. 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

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 accordance with HM Treasury guidance.

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the National Library of Wales and its environment obtained in the course of the audit, I have not identified

material misstatements in the Annual Accounts Report including the Governance Statement.

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

- sufficient accounting records have not been kept 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 the 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; and
- 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, the Audit and Risk Committee and legal advisors 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. 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
2 August 2021

24 Cathedral Road
Cardiff
CF11 9LJ

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

	Notes	PUBLIC FUNDS Unrestricted £'000	FUNDS Restricted £'000	PRIVATE FUNDS Unrestricted £'000	FUNDS Restricted £'000	2020/21 Total £'000	2019/20 Total £'000
Income:							
Donations and legacies	15b	-	-	1,210	478	1,688	1,435
Charitable activities:							
Government Grants	2	10,444	3,811	-	-	14,255	11,813
Other Grants	3	612	444	-	-	1,056	407
Other trading activities	4	145	-	-	-	145	610
Investment income	15b	-	-	158	3	161	272
Total Income		11,201	4,255	1,368	481	17,305	14,537
Expenditure:							
Costs of raising funds	5	535	56	44	1	636	937
Charitable activities:							
Collection	5	2,563	700	-	-	3,263	2,829
Giving Access & Information	5	3,132	751	-	-	3,883	3,384
Publicising & Interpretation	5	1,273	355	-	28	1,656	1,751
Conservation & Preservation	5	3,370	531	-	-	3,901	3,582
Governance	5	1,217	174	-	-	1,391	1,230
Total expenditure		12,090	2,567	44	29	14,730	13,713
(Gain)/ Loss on disposal of investments	15b	-	-	(1,042)	(21)	(1,063)	(234)
Pension Finance Costs	22d	430	-	-	-	430	250
Total expenditure		12,520	2,567	(998)	8	14,097	13,729
Net income/ (expenditure)		(1,319)	1,688	2,366	473	3,208	808
Gross transfers between funds	15	-	850	(822)	(28)	-	-
Other recognised gains/ (losses):		(1,319)	2,538	1,544	445	3,208	808
Unrealised gains/ (losses) on investments	15b	-	-	1,271	-	1,271	(1,050)
Tangible Fixed Assets	10	-	(452)	-	-	(452)	(3,393)
Revaluation, Indexation and impairment							
Actuarial gains / (losses) on defined benefit pension scheme	22e	(1,660)	-	-	-	(1,660)	(13,890)
Total gains/ (losses)		(1,660)	(452)	1,271	-	(841)	(18,333)
NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR		(2,979)	2,086	2,815	445	2,367	(17,525)
FUND BALANCES BROUGHT FORWARD AT 1 APRIL	15	(24,152)	80,699	12,007	7,283	75,837	93,362
FUND BALANCES CARRIED FORWARD AT 31 MARCH	15	(27,131)	82,785	14,822	7,728	78,204	75,837

All activities are continuing. All recognised gains and losses are recorded in the Statement of Financial Activities. The notes on pages 34 to 56 form part of these accounts. There is no endowment income or expenditure to report.

BALANCE SHEET AS AT 31 MARCH 2021

		31 st March 2021		31 st March 2020	
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible Assets	10	66,535		65,152	
Intangible Assets	10	337		405	
Heritage Assets	12	22,473		21,802	
Investments	11	13,630		11,149	
			102,975		98,508
CURRENT ASSETS					
Stocks		45		45	
Debtors	13	2,641		1,893	
Bank		1,614		530	
		4,300		2,468	
CREDITORS					
Amounts falling due within one year	14	(1,151)		(649)	
NET CURRENT ASSETS			3,149		1,819
Net assets excluding pension scheme liability			106,124		100,327
Defined benefit pension liability	22		(27,920)		(24,490)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			78,204		75,837
FUNDS	15				
Public Unrestricted		789		338	
Pension Reserve		(27,920)		(24,490)	
Total Public Unrestricted Funds		(27,131)		(24,152)	
Public Restricted (exc Revaluation Reserve)		61,415		58,877	
Revaluation Reserve		21,370		21,822	
Private Unrestricted		14,822		12,007	
Private Restricted		249		257	
Private Restricted Collections		7,479		7,026	
			78,204		75,837

The trustees have prepared the accounts in accordance with section 132 of the Charities Act 2011.

The notes on pages 34 to 56 form part of these accounts.

Pedr ap Llwyd

CHIEF EXECUTIVE AND
LIBRARIAN
23 July 2021

Lee Yale-
Helms
TREASURER

23 July 2021

Pedr ap Llwyd *Lee Yale-Helms*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

		2020/21		2019/20	
		£000	£000	£000	£000
Cash generated from operating activities	17		4,534		1,071
Cash flows from investing activities: -					
Purchase of tangible and intangible fixed assets	10	(3,085)		(3,657)	
Purchase of heritage assets	12	(218)		(401)	
Proceeds from sale of investments	11	6,383		1,144	
Purchase of Investments	11	(7,495)		(984)	
Net cash provided by/(used in) investing activities			(4,415)		(3,898)
Increase/(Decrease) in Cash and cash equivalents in the year			119		(2,827)
Cash and cash equivalents at the beginning of the year			2,948		5,775
Total cash and cash equivalents at the end of the year	18		3,067		2,948

The notes on pages 34 to 56 form part of these accounts.

NOTES TO THE ACCOUNTS AT 31 MARCH 2021

1 ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

(b) Incoming Resources

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

All Grant-in-Aid from Welsh Government is recognised in the 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.

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:

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

Freehold land is not depreciated.

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

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

(f) Heritage assets

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

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

Heritage Assets are not depreciated because they have indefinite life.

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

(g) Stocks

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

(h) Pension Costs

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

Financial Activities is calculated based upon the current service cost as calculated by the scheme actuary.

(i) Staff holiday pay

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

(j) Taxation

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

(k) 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.
- 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.

(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

	2020/21 £000	2019/20 £000
Unrestricted		
Grant-in-Aid	10,444	9,985
Restricted		
Capital - Purchase Grant	305	305
Capital - Digital Development Grant	-	41
Capital - General	2,790	1,000
Digital Libraries	498	186
People's Collection Wales	114	117
ARCW	47	141
Wikipedia	57	38
Total grant received from Welsh Government	14,255	11,813

3. OTHER GRANTS

	2020/21 £000	2019/20 £000
Restricted public fund		
European Union Grants	10	-
British Film Institute	21	-
National Heritage Lottery Fund - National Broadcast Archive	270	222
National Heritage Lottery Fund - Save Our Sounds	130	135
Other minor grants	13	50
	444	407
Unrestricted public fund		
Coronavirus Job Retention Scheme	612	-
Total other grants	1,056	407

During the period 1st April 2020 to 31st March 2021 the Library has claimed Coronavirus Job Retention Scheme grant totalling £612k. This related to an average of 54 staff members per month for the 12 month period. The closure of the Library building was required under the Welsh Government response to the COVID-19 pandemic. Services that generated commercial income were unable to operate and as such the Library's income for the year reduced significantly. The Library obtained support to its application for funding under the Scheme from Welsh Government.

4. INCOME FROM OTHER TRADING ACTIVITIES

	2020/21	2019/20
	£000	£000
Unrestricted public income		
Catering	2	211
Shop income	20	93
Events	-	17
Consultancy and systems	14	46
Income generated from collections	24	61
Licensing and royalties	43	36
Miscellaneous	42	133
Car Park	-	13
Total	145	610

5. ANALYSIS OF EXPENDITURE

	Staff Costs	Other direct costs	Depreciati on and amortisati on	2020/2 1 TOTAL	2019/20 TOTAL
	£000	£000	£000	£000	£000
Cost of raising funds	512	68	56	636	937
Charitable Expenditure					
Collection	1,720	1,272	271	3,263	2,829
Giving Access & Information	3,097	456	330	3,883	3,384
Publicising & Interpretation	1,382	141	133	1,656	1,751
Conservation & Preservation	3,434	113	354	3,901	3,582
Governance	668	549	174	1,391	1,230
	10,813	2,599	1,318	14,730	13,713

6. NET INCOME/ (EXPENDITURE) FOR THE YEAR

	2020/21	2019/20
	£000	£000
This is stated after charging:		
Depreciation and amortisation	1,318	1,210
External auditor's remuneration	33	33
Internal audit fees	12	12
Investment management fees	45	40

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	Governance	Collection	Giving Access & Information	Publicising & Interpretation	Conservation & Preservation	Total
	£000	£000	£000	£000	£000	£000	£000
Exec Support	1	2	5	9	4	10	31
Finance	8	30	52	53	21	50	214
HR	6	30	48	44	17	40	185
ICT	40	155	268	282	115	268	1,128
Building	47	355	536	388	144	306	1,776
Other	2	3	7	13	6	13	44
	104	575	916	789	307	687	3,378

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

(a) Total Staff Costs

	2020/21		2019/20	
	£000	£000	£000	£000
Salaries and Wages		6,760		6,336
Social Security Costs (including Apprenticeship Levy)		619		595
Pension Cost				
Current Service Cost	1,694		1,673	
Deficit Contribution for past service cost	-		32	
Additional pension contribution FRS 102 current service cost adjustment	400		400	
		1,340	560	
		3,434		2,665
Wages as noted in note 5		10,813		9,596
FRS 102 finance interest charge (see note 22d)		430		250
Total		11,243		9,846

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 (2019/20- Nil).

(b) Pension Scheme

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

The employer contribution to the scheme for the period amounted to £2.1m (2019/20 £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 3.41 times the median salary (£28,176) of the Library. Other senior staff receive a gross salary, which is determined as part of the negotiation of the pay remit for all other staff in the Library.

The value of pension benefits is calculated as follows:

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

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

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

The National Library of Wales Staff Superannuation Scheme is a funded final salary scheme. The accrued pensions and lump sums are the amounts that would be paid from Normal Retirement Date if the member left service at the relevant date. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits, including any Additional Voluntary Contributions and transfers in of service, accrued by the member at a particular point in time. The transfer values have been calculated in accordance with the guidance note "GN11" published by the Institute of Actuaries and Faculty of Actuaries. The assumed rate of price inflation was 0.5% (2019/20 1.7%).

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

	2020/21			2019/20		
	Consolidated	Real Increase (decrease) in Pension	Single Total Figure of Pension	Consolidated	Real Increase	Single Total Figure of Remuneration
	£	£	£	£	£	£
Mr P ap Llwyd Chief Executive and Librarian	96,213	38,890	135,103	94,230	120,950	215,180
Mr. DH Michael Director and Deputy Chief Executive and Librarian	79,856	33,124	112,980	80,269	23,263	103,532
Dr O Roberts Director and Deputy Chief Executive and Librarian	80,462	64,537	144,999	65,637	37,348	102,985

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 31/3/20 or at date became director if later	Total Accrued Pension at 31/3/21	Lump Sum at 31/3/21	Cash Equivalent Transfer Value at 31/3/21	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		563,710	23,080	69,240	579,640	1,620	4,870	13,110
Llwyd Chief Executive and Librarian								
Mr DH		642,180	25,570	76,710	675,650	1,470	4,410	30,260
Michael Director and Deputy Chief Executive and Librarian								
Dr O		196,470	11,300	33,900	261,060	2,780	8,330	63,610
Roberts Director and Deputy Chief Executive and Librarian								

(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

Voluntary severance payments of £307,542 were accounted for in 2020/21 of which £20,200 were paid in 2020/21 (2019/20: Nil).

(f) Board emoluments

The Board do not receive any emoluments. The total amount of travel, subsistence, and hospitality expended by the Library for its Board and committee members was £261 (2019/20 £6,668), this was claimed by 2 members (2019/20: 16 members).

9. STAFF NUMBERS

The average monthly head count was 239 (2019/20: 244) and the average full-time equivalent staff employed by the Library (including casual and part-time staff) during the year were as follows:

Staff Numbers	2020/21	2019/20
Fundraising trading	10.8	11.1
Collection	38.8	39.9
Giving Access and Information	56.1	57.6
Publicising and Interpretation	30.2	31.0
Conservation & Preservation	66.9	68.5
Governance	12.9	13.3
Total	215.7	221.4

10. TANGIBLE AND INTANGIBLE ASSETS

A. Tangible Assets

	Freehold Land & Buildings	Plant, Fittings & Equipme nt	Computer equipment	Total
	£000	£000	£000	£000
Cost & Valuation				
At 1 April 2020	63,100	2,651	3,620	69,371
Additions	2,246	129	710	3,085
Disposals	-	-	-	-
Revaluation	(1,239)	-	-	(1,239)
At 31 March 2021	64,107	2,780	4,330	71,217
Depreciation				
At 1 April 2020	-	1,863	2,356	4,219
Charged for the year	787	153	310	1,250

Disposals	-	-	-	-
Revaluation	(787)	-	-	(787)
At 31 March 2021	-	2,016	2,666	4,682
Net Book Value				
At 31 March 2021	64,107	764	1,664	66,535
At 31 March 2020	63,100	788	1,264	65,152

The Library received a valuation as at 31st 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".

The carrying amount of freehold land and buildings under the historic cost convention would be £42,430k (2019-20: £41,278k).

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

B. Intangible Assets

	Digital developme nt
	£000
Cost	
At 1 April 2020	1,086
Additions	-
At 31 March 2021	1,086
Amortisation	
At 1 April 2020	681
Charged for the year	68
At 31 March 2021	749

Net Book Value	
At 31 March 2021	337
At 31 March 2020	405

11. INVESTMENTS

	2020/21	2019/20
	£000	£000
Investments	12,177	8,730
Cash held for investments	1,453	2,419
Total investments	13,630	11,149
Market Value at 1 April 2020	8,730	9,708
Acquisitions at cost	7,495	984
Less disposals	(6,383)	(1,144)
Gain/(Loss) on disposals	1,064	235
Unrealised gain/(loss) on revaluation	1,271	(1,053)
Market Value at 31 March	12,177	8,730
Cash held for investment		
At 1 April 2020	2,419	2,029
(Decrease)/increase	(966)	390
At 31 March 2021	1,453	2,419

The historic cost of investments at 31 March 2021 was £11.508m (2019/20 £10.332m).

The assets were invested as follows: -

	Gilts, bonds, debentures & preference	Unit trusts, overseas equities, property & alternative assets	UK equities directly invested on UK stock market	Cash	Total
	£'000	£'000	£'000	£'000	£'000
No1 portfolio	1,489	7,552	2,319	(7)	11,353
No2 portfolio	390	342	85	1,460	2,277
	1,879	7,894	2,404	1,453	13,630

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	Subscripti on	Pictures Manuscrip ts & Maps	Others	Digital Collection s	NSSAW	Total
	£'00	£'000	£'000	£'000	£'000	£'000	£'000
At 01/04/20	1,970	2,799	11,916	380	4,370	366	21,802
Additions	25	32	157	-	-	4	218
Donations	-	-	452	-	-	1	453
At 31/03/21	1,996	2,831	12,525	380	4,370	371	22,473

Five Year financial summary of additions:

	2020/ 21 £'000	2019/20 £000	2018/19 £000	2017/18 £000	2016/17 £000
Books	25	40	51	47	38
Subscription	32	44	55	48	53
Pictures, Manuscripts & Maps	157	312	381	148	249
Film and music	4	5	12	6	9
Total Additions	218	401	499	249	349

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

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

- **Printed material:** ranging from *Yny lhyvyr hwnn*, the first Welsh-language book (printed in 1546) to programmes of local events, such as concerts and shows.
- **Manuscripts and archives:** including priceless items from the Middle Ages, such as the Book of Llandaf, the Hengwrt Chaucer manuscript and the Black Book of Carmarthen.

- **Maps:** Both antiquarian and modern and atlases, Ordnance survey maps, sea charts, maps of farms, estates and tithe maps, railway and public utility plans.
- **Pictures:** portraying people and places in Wales including, paintings, prints, engravings and other pictures.
- **Photographs:** the works of Mary Dillwyn, John Thomas, D.C. Harries and Geoff Charles.
- **Electronic resources and digital images:** New and created mainly by the Library the collections include over 5 million images.
- **The National Screen and Sound Archive of Wales** houses 250,000 hours of sound recordings, 300,000 hours of moving images, 7 million feet of film, 200,000 items from the ITV film and TV archive and 15km unique archive.

No salaries were capitalised in the period.

13 DEBTORS - due within one year

	31 st March 2021	31 st March 2020
	£000	£000
Trade Debtors	42	35
VAT repayment due	484	458
Prepayments	621	496
Other Debtors & Accrued Income	326	239
Private Funds Accrued Income	1,168	665
	2,641	1,893

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.

14 (a) CREDITORS - Falling due within one year

	31 st March 2021	31 st March 2020
	£000	£000
Trade Creditors	74	117
Accruals and deferred income	776	342
Holiday pay accrual	301	190
	1,151	649

14 (b) CREDITORS - Movement on deferred income

	31 st March 2021	31 st March 2020
	£000	£000
Deferred income brought forward		

Release from previous year	245	270
	(147)	(41)
Income deferred in the current year	325	16
Deferred income carried forward	423	245

Deferred income relates to grants received.

15 ANALYSIS OF CHARITABLE FUNDS

a. Analysis of movements in funds - Public

	At 1 April 2020	Incoming Resources	Resourc es Expend ed	Other Moveme nts In Year	At 31 March 2021
	£000	£000	£000	£000	£000
PUBLIC FUNDS					
Unrestricted – Public Pension	(24,490)	-	(1,770)	(1,660)	(27,920)
Unrestricted	338	11,201	(10,750)	-	789
	(24,152)	11,201	(12,520)	(1,660)	(27,131)
Restricted: -					
Capital and digital development	49,966	2,790	(1,318)	850	52,288
Revaluation Reserve*	21,822	-	-	(452)	21,370
Other restricted funds	149	1,160	(1,249)	-	60
Purchase grant funds	8,762	305	-	-	9,067
Total restricted public funds	80,699	4,255	(2,567)	398	82,785
TOTAL PUBLIC FUNDS	56,547	15,456	(15,087)	(1,262)	55,654

*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 £1,262k include:

- Tangible Fixed Asset Revaluation, Indexation and impairment – (£452k)
- Actuarial gains / (losses)– (£1,660k)

b. PRIVATE FUNDS (including collections)

	Unrestrict ed	Restrict ed	Collectio n	Total 2020/2 1 £000	Total 2019/2 0 £000
Income					
Donations and Bequests	1,210	25	453	1,688	1,435
Interest Receivable	158	3	-	161	272
Total	1,368	28	453	1,849	1,707
Resources Expended					
Costs of raising funds	44	1	-	45	43
Private project expenditure	-	28	-	28	28
(Profit) / loss on sale of investments	(1,042)	(21)	-	(1,063)	(234)
Total	(998)	8	-	(990)	(163)
Net Incoming/ (Outgoing) Resources	2,366	20	453	2,839	1,870
Transfers	(822)	(28)	-	(850)	(349)
Unrealised(loss)/ gain on investments	1,544	(8)	453	1,989	1,521
	1,271	-	-	1,271	(1,050)
Net movement in private funds during the year	2,815	(8)	453	3,260	471
Brought forward at 1 April	12,007	257	7,026	19,290	18,819
Carried Forward at 31 March	14,822	249	7,479	22,550	19,290

The total of private restricted and collection funds represents total restricted private funds of £7,728k.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestrict ed public	Restrict ed public	Unrestrict ed private	Restrict ed private	Total
	£'000	£'000	£'000	£'000	£'000
Fixed Assets	-	81,865	13,383	7,727	102,975
Cash at bank and in hand	172	-	1,440	2	1,614
Other net current assets/ (liabilities)	615	920	-	-	1,535
Creditors of more than one year	(27,920)	-	-	-	(27,920)
Total	(27,133)	82,785	14,823	7,729	78,204

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

	2020/21	2019/20
	£000	£000
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	3,208	808
Profit on sale of investments/fixed assets	(1,063)	(234)
FRS 102 interest pension adjustment	430	250
Depreciation and amortisation charges	1,318	1,210
(Increase)/ Decrease in stock	-	(1)
Heritage asset donations (non-cash)	(453)	(419)
(Increase)/ Decrease in debtors	(748)	(742)
(Decrease)/ Increase in creditors	502	(361)
Pension current service cost adjustment	1,340	560
Net cash flow from operating activities	4,534	1,071

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020/21	2019/20
	£000	£000
Bank account balances	1,614	530
Bank accounts held within investments	1,453	2,418
Cash and cash equivalents at 31 March	3,067	2,948

19. RELATED PARTY TRANSACTIONS

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

- Interest reimbursed - £Nil (2019/20: £9k)

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.

		2020/21		2019/20	
Related Party	Relationship	Income (Expenditure)	Debtor (Creditor)	Income (Expenditure)	Debtor (Creditor)
		£	£	£	£
Coleg Cymraeg Cenedlaethol Cymru	Mr Pedr ap Llwyd, Chief Executive of the Library is a Director. Gwilym Dyfri Jones, Trustee of the Library is a Director. Ms Meri Huws, Trustee of the Library is a Director.	0	0	949	0
National Lottery Heritage Fund	Mr David Michael, Director of the Library is an independent member of the Audit Committee.	399,924	232,682	356,812	162,816
Cardiff University	Dr Janet Wademan, Trustee of the Library is a Council Member.	(3,472)	0	311 / (195)	0
University of Wales Trinity Saint David	Dr Liz Siberry, Trustee of the Library is a Council Member	15,884 / (18,813)	13,534	1,299	0
Gŵyl Hanes Cymru i Blant	Ms Eleri Twynog Davies, Trustee of the Library is a Director.	(1,200)	0	0	0
Aberystwyth University	Ms Meri Huws, Trustee of the Library is a Council Member.	208 / (8,590)	0	683 / (9,023)	0

At 31 March 2021, the Library had consolidated debtors and creditors with other Government financed bodies as follows:

	Debtor s £000	Creditors: due in 1 year £000	Creditors: more than 1 year £'000
Central Government bodies	516	423	-
Local Government bodies	-	-	-
Non-Government Bodies	2,125	728	-
Total	2,641	1,151	-

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 2020/21, £14.255m or 82% of the Library's consolidated income derived from the Welsh Government (2019/20 £11.813m or 81%). The balance, £3.05m or 18% (2019/20 £2.72m or 19%) is derived from income on the Library's private funds (note 15b), from trading activities (note 4) and grants from other bodies as disclosed in Note 3 to these accounts.

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

21. LEASES

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

22. PENSION COSTS

The Library operates a defined benefit scheme with benefits accruing at the rate of 1/80th of pensionable salary for each year of service. The latest full actuarial valuation was at 31 March 2019 and it was assessed that the Scheme was 100% funded.

During 2020/21, the Library contributed 27.2% of pensionable salaries and expected employer contributions for 2021/22 are £1.7 million as well as an additional contribution in the region of £400k depending on projected out-turn.

(a) Development of the Net Balance Sheet Position

	31 March 2021	31 March 2020
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	£m	£m
Fair value of assets (22b)	82.45	74.14
Actuarial value of scheme liabilities (22c)	110.37	98.63
Pension liability recognised in balance sheet	(27.92)	(24.49)

(b) Changes in the fair value of plan assets

	Year Ended 31 March 2021 £m	Year Ended 31 March 2020 £m
Scheme assets at beginning of year	74.14	73.18
Benefits paid from plan assets	(2.24)	(2.15)
Employer contributions	2.09	2.10
Member contributions	0.10	0.10
Administrative costs	(0.14)	(0.11)
Interest income on Scheme Assets	1.33	2.12
Return on scheme assets greater/(less) than discount rate	7.17	(1.10)
Scheme assets at end of year - (22a)	82.45	74.14

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

	Year Ended 31 March 2021 £m	Year Ended 31 March 2020 £m
Scheme liabilities at beginning of year	98.63	82.97
Interest cost on the DBO	1.76	2.37
Effect of employee services in the current period	3.29	2.55
Member contributions	0.10	0.10
Benefits paid from plan assets	(2.24)	(2.15)
Remeasurement on the DBO/ change of assumptions	8.83	12.79
Scheme liabilities at end of year - (22a)	110.37	98.63

(d) Amounts charged to SOFA (Total Expenditure)

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£m	£m
Effect of employee services in the current period	3.29	2.55
Net interest on net defined benefit liability/ (asset)	0.43	0.25
Defined benefit cost recognised in P&L	3.72	2.80
Administration costs during the period	0.14	0.11
Total cost recognised in SOFA	3.86	2.91

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

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£m	£m
Return on scheme assets (greater)/ less than discount rate - (22b)	(7.17)	1.10
Actuarial loss/(gain) arising during period - (22c)	8.83	12.79
Total actuarial loss/(gain) recognised in reserves	1.66	13.89

(f) Total defined benefit cost

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£m	£m
Total cost recognised in SOFA - (22(d))	3.86	2.91
Remeasurement effect recognised in reserves (22(e))	1.66	13.89
Defined benefit cost	5.52	16.80

(g) Reconciliation of Net Balance Sheet Position

	Year Ended 31 March 2021	Year Ended 31 March 2020
	£m	£m
Net defined (liability) at beginning of year	(24.49)	(9.79)
Effect of employee services in the current period (22c)	(3.29)	(2.55)
Net interest on net defined benefit liability/ (asset)	(0.43)	(0.25)
Remeasurement effect recognised in reserves (22(e))	(1.66)	(13.89)
Employer contributions (22b)	2.09	2.10
Administrative costs (22b)	(0.14)	(0.11)
Scheme liabilities at end of year - (22a)	(27.92)	(24.49)

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

	31 March 2021		31 March 2020	
	£m	%	£m	%
Equities	20.81	25.2	45.00	60.7
Bonds	54.71	66.4	25.95	35.0
Property and other	6.93	8.4	3.19	4.3
Total value of assets	82.45		74.14	

(i) Financial Assumptions

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

	31 March 2021	31 March 2020
	%per annum	%per annum
Price Inflation	2.22	2.35
Rate of Salary Increase	2.22	2.35
Rate of increase of pensions in payment*	2.22	2.35
Discount rate**	1.25	1.80

* 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:

	31 March 2021	31 March 2020
	£000	£000
Contracted -building work on Bookstack 1 North	-	20
Contracted -chiller replacement	-	21
Contracted -main building envelope	170	1,817
Contracted -professional fees	10	70
Contracted - lift replacement	30	-
	210	1,928

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 23 July 2021, which would have meant that the accounts had to be adjusted.