



## National Library of Scotland

### Annual Report and Financial Statements

#### For the year ended 31st March 2023

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The National Library of Scotland is a registered charity - Number SC011086

## **Annual Report of the Board**

### **1. History of the National Library of Scotland**

The National Library of Scotland ('the Library') is the successor to the historic Library of the Faculty of Advocates, founded in the late 17th century on the initiative of the King's Advocate, Sir George Mackenzie of Rosehaugh. During the 18th and 19th centuries, Keepers like Thomas Ruddiman, David Hume and their successors established the Advocates Library as the National Library of Scotland in all but name. With the provision of a very generous endowment by Sir Alexander Grant of Forres, the Government in 1925 accepted the Faculty's offer to present its Library, with the exception of the law books and manuscripts, to the nation to become the National Library of Scotland.

The National Library of Scotland is the largest library in Scotland, with over 37 million items, and it is among the half dozen largest libraries in the British Isles. It has extensive and varied collections of printed material (maps, music, newspapers, etc. as well as books) and large collections of manuscripts and increasingly important digital collections. Its special characteristics derive from its status as a national and legal deposit library. Since 1710 the Library has had the right, under successive Copyright Acts, to acquire all books published in the United Kingdom, and it now seeks to obtain, through legal deposit, books and other publications that are within the scope of the Library's collection development policy. By reciprocal legislation the British Copyright Libraries have similar rights in the Republic of Ireland. The Library also acquires, mainly by purchase, but also by gift and deposit, older books, maps and music, modern foreign publications, and manuscripts.

### **2. Statutory Background**

The National Library of Scotland Act 1925 established the Library 'on the foundation of the Library gifted for that purpose by the Faculty of Advocates, and for purposes connected therewith'. This legislation has been replaced by the National Library of Scotland Act 2012 which modernises the Library's governance arrangements and updates its powers and functions. It came into force in February 2013.

The Library is a registered charity. The name of the charity is National Library of Scotland. Its principal address is George IV Bridge, Edinburgh, EH1 1EW. The Library is one of six Legal Deposit Libraries in the British Isles. As a registered charity its purpose is the advancement of education and the advancement of arts, heritage, culture and science.

Board Members are appointed under the terms of the National Library of Scotland Act 2012. The Board's principal function is responsibility for the stewardship and governance of the National Library of Scotland. This includes approval of the Strategy, Library Plan and Annual Budget.

## The Board

Board appointments are made by Scottish Ministers after advertising vacancies. One of the members is selected from persons nominated by the Dean of the Faculty of Advocates. The names of the Board Members who served between 1st April 2022 and the date of signing the financial statements are as follows.

<b>Name</b>	<b>Committee Membership during the year</b>
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### Chair

Sir Drummond Bone	Audit Committee
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### Board Members

Simon Learoyd (to 30/09/2022)	Audit Committee
Elizabeth Carmichael (to 28/02/2023)	Staffing and Remuneration Committee
Ruth Crawford *	Audit Committee
Helen Durndell (to 28/02/2023)	Staffing and Remuneration Committee
Alan Horn	Staffing and Remuneration Committee
Lesley McPherson	Audit Committee
Robert Wallen	Governance Committee
Alison Kidd	Staffing and Remuneration Committee
Robert Kilpatrick	Audit Committee & Governance Committee
Kirsty Lingstadt	Governance Committee
Emily Drayson (from 20/02/2023)	
Michael Muir (from 20/02/2023)	
Justin McKenzie Smith (from 20/02/2023)	

\* Nomination from the Dean of the Faculty of Advocates

There were also a number of Board members who left as a result of their term of office coming to an end. We would like to thank all members who left this year for their hard work and dedication. Their intellect, wisdom and humour has been invaluable.

The Library maintains a Board Members' [Register of Interests](#), which complies with the requirements of the Ethical Standards in Public Life (Scotland) Act 2000 and is available for

inspection on the National Library of Scotland website. Board Members are required to update the register within 28 days of a change to their registerable interests.

New Board Members are provided with an induction pack that contains a range of documentation including the Scheme of Delegation (Board), Responsibilities of the Board, Standing Orders, Code of Conduct, Rules on Declaration of Interest, the Strategy and the Library Plan. A full induction and training programme for Board Members has been prepared in line with the guidance in 'On Board' to ensure that new members are provided with all required and relevant information on taking up appointment with the Library. Each Board Member is provided with the opportunity to meet with the National Librarian and other senior staff and to visit each of the Library's buildings and facilities.

The Board met four times during the year to effect general management and control over the Library.

The Audit Committee and the Staffing and Remuneration Committee have delegated responsibility for certain matters under the Scheme of Delegation. In addition, the Governance Committee has continued to consider appropriate ways to improve governance of the Library. Responsibility for delivering the Strategy and Operational objectives is devolved, under a Board approved Scheme of Delegation, to the National Librarian, supported by the Library Leadership Team. The National Librarian is also the Chief Executive of the Library and the Accountable Officer for the use of public resources.

### **Library Leadership Team**

The Library Leadership Team over the year were as follows.

<b>Name</b>	<b>Role</b>
Amina Shah	National Librarian
Anthony Gillespie	Director of Business Support
Jackie Cromarty	Associate Director of External Relations & Governance
Alison Stevenson	Interim Associate Director of Collections & Research
John Coll	Associate Director of Access
Joseph Marshall	Associate Director of Collections Management
Gill Hamilton	Interim Associate Director of Digital

### **3. Strategy & Operational Objectives**

The Library's function remains what it has long been – that of a large general research library with a particular focus on Scotland and the Scots.

In September 2020 the Library agreed a strategy 'Reaching People' for the period 2020-2025. The strategy can be found on the [Library's website](#). The vision is to create opportunities for people to participate in Scotland's rich cultural life and the strategy outlines five priorities for the period. These are:

**Safeguarding collections** - We are the guardian of the published and recorded memory of Scotland for current and future generations.

**Improving access** - We make it easier to access our collections.

**Engaging Audiences** - We put audiences at the heart of everything we do and offer a rich variety of ways for people to participate and engage with their heritage.

**Supporting learning, research and discovery** - We encourage and support research, learning and discovery.

**Developing the organisation** - We will continue to be a great organisation to work for and with, developing new ways of doing, delivering and partnering.

#### 4. Performance in the year

At the start of 2022/23 the Board agreed the Library Plan which detailed the specific objectives, linked to the Strategy, which would be pursued over the coming year. For 2022/23 the Plan comprised 48 separate objectives. The Library also monitored 13 Key Indicators and used these to help assess the achievement of its objectives.

Like many organisations, 2022/23 was largely about the ongoing recovery from the effect of the COVID-19 pandemic and we saw the numbers using the Reading Rooms and attending exhibitions increase over the period.

In overall terms, good progress has been made with the objectives and the Key Indicators. At the end of the year, 43 of the 48 objectives had been fully or largely completed. Those which are yet to complete will be carried forward and undertaken in 2023/24. Targets were set and performance was measured for 13 Key Indicators during 2022/23 and the results are detailed in the table below and show that in relation to 11 out of the 13 Indicators performance either matched or exceeded expectations. When compared to 2021/22, the Key Indicator results improved in 10 out of 13 categories and reduced in 3. Of particular note in 2022/23 were the increases in Reading Room and Exhibitions visits and the percentage raised against the fundraising target.

When performance targets are not reached the Library will analyse the possible reasons for this and seek to make improvements.

Indicator	Indicator for 2022/23 (Where Applicable)	Result for 2022/23	Indicator met for 2022/23?	Equivalent for 2021/22	Performance compared to 2021/22
Environmental Compliance	95%	98.02%	Yes	98.30%	Reduction
Growth in the Collections	1.4 million	2.484 million	Yes	2.03 million	Improved
Percentage Reduction in Hidden Collections	70%	68.24%	No	61.40%	Improved
Percentage of collections available in a digital format	31%	32.98%	Yes	28.90%	Improved
Number of research collaborations	50	59	Yes	57	Improved
Number of Public Events	200	352	Yes	215	Improved
Numbr of Exhibition Visitors	50,000	119,123	Yes	27,945	Improved
Website Usage (Web sessions)	4.8 - 5.0 million	5.2 million	Yes	5.08 million	Improved
Reading Room Visits	25,000-30,000	43,178	Yes	20,976	Improved
Staff Absence Rate (Days per Employee)	7.1-7.4	9.00	No	6.8	Reduction
Percentage raised against Fundraising target	100%	105%	Yes	181%	Reduction
Central Support costs as a percentage of income	10.00%	8.60%	Yes	9.10%	Improved
Reduction in CO2 emissions	1%	2.5%	Yes	2%	Improved

## 5. Achievements in the Year

Good progress was made in implementing the 'Reaching People' strategy. At each of the Board meetings the National Librarian updates the Board on the work that has been completed and is underway. Some of the key achievements in the year were as follows;

- The Library continued to add to the national collections, receiving over 2.48 million items over the year from legal deposit and adding a number of key items such as the archives of Alasdair Gray and James Kelman.
- Received the Library's agreed donated share of the Blavatnik/Honresfield Library purchased by the Friends of the National Libraries.
- Made excellent progress towards the target of having one third of collections in a digital format. At the end of 2022/23 the Library had reached a figure of 32.98% and is forecast to reach the target early in 2023/24 which will be over one year ahead of schedule.
- Worked with public library partners to conserve and digitise the first four titles as part of the Scottish Newspaper project. A further three titles will be ready early in 2023/24. This project has been supported by over £75k raised from a public appeal plus an additional £40k from a major donor.
- Resumed the Touring Display programme to public libraries across Scotland.

## 6. Financial Review

The aim of this section is to explain the financial results for the year.

The main headline for the 2022/23 financial year is that the Library has ended the year with an decrease of £262k in its General Reserves. This was deliberate as the Library decided to run a Voluntary Early Exit scheme during the year and to use some of its existing reserves to manage costs and to fund some of the changes that were needed to ensure longer-term financial sustainability.

Within the financial statements, the place where this is best shown is at the bottom section of the Statement of Financial Activities on Page 42 and the Reserves Note at Page 63. Both these show the balance on the Library's Unrestricted General Fund reserve decreasing from £859k to £597k over the year.

Restricted Reserves increased by approximately £4.8 million. The main reason for this was the upward valuation of the Library's buildings, with the change being reflected in the Revaluation Reserve.

Total income in the year was £19.668 million. This was an increase of 4.5% from the 2021/22 figure of £18.81 million with all categories of income showing an increase. There was also a change in the mix, with more income from external funding bodies in the form of grants for projects. However, most of the Library's income (89%) continues to come from the Scottish Government and there was a 5% increase in the amount of revenue funding which the Library received. This was used to meet the costs of the pay award to staff. In addition, it continued to receive funding from the Scottish Government to support the purchase of collections.

Total expenditure in the year, including depreciation, was £22.427 million with most of this split between Collection Development and User Access. Staffing continues to be the Library's biggest cost – though there was a large amount spent on building maintenance (£1.3 million) and Purchases/Grants for the Collections (£0.66 million). The average number of staff stayed constant over the year.

The 2022/23 financial year was also notable for the amount that the Library added to its assets. The best place this can be seen is on the Tangible Assets Note 8 (Page 58) and on the Heritage Assets Note 9 (Page 59). These show that the Library added over £716k of tangible assets – mainly on the refurbishment of parts of the Library's estate and on new and replacement IT kit and storage.

Gross spending on adding to the collections during the year totalled over £1.12 million of which £481k was added to Heritage Assets. This included correspondence and literary papers relating to Alasdair Gray and James Kelman and the Smillie archive which is the remaining personal and family papers of Robert Ramsay 'Bob' Smillie (1917-1937), volunteer member of the Independent Labour Party's international military brigade during the Spanish Civil War. There were also significant donations to the Library totalling a value of £1.98 million, the bulk of which was the Library's agreed share of the Blavatnik-Honresfield Library including significant works such as Robert Burns' First Commonplace Book and the complete working manuscript of Rob Roy by Walter Scott.

Each year the Library plans to spend 100% of its Collection Fund budget supplied by the Scottish Government. In 2022/23 it managed to spend all of this amount with a small use (£73k) of the Collection Purchase Reserve which can be seen within Note 16 on Page 63.

There was a decrease of £526k in the value of the Library's Endowment funds reflecting the difficult market conditions throughout 2022/23. While this is disappointing, the Library invests for the long-term and some short term reduction in the portfolio is accepted as a risk. Income in the year was just over £182k and there was expenditure of £201k to support Library activities



such as conservation work and education activities. The shortfall in the year will be met from reserves built up in previous years when investment returns were more robust.

Going forward, the Library approved a budget on 29<sup>th</sup> March 2023 for the 2023/24 financial year which is balanced and does not rely upon the use of reserves. It has already taken measures to ensure better financial health including a reduction in staffing headcount. However, it is aware that it continues to face a number of significant financial challenges including responding to Scottish Government's [Resource Spending Review \(RSR\)](#), the difficulties of managing within a high inflationary period, the need to fund deferred maintenance and fire protection work and the requirement to generate funds to implement the Library strategy.

## **7. Policy in relation to Reserves**

The Audit Committee reviews the Reserves Policy and reserves at least once a year. The review includes the nature of the income and expenditure streams, the requirements of the Library as a Non-Departmental Public Body (NDPB), the need to match potentially variable income streams with fixed commitments and the nature of the reserves.

The Library holds reserves for a number of reasons. Those relating to Capital Assets, Revaluation and Donated Assets are not available to the Library for general use.

The use of a Collection Purchase Reserve has been agreed by the Board to help supplement the purchase of specific collection items.

The balance on the Designated Purpose Reserve represents a combination of the grants received to create assets other than Land & Buildings and the funding held for specified future purposes as agreed with a donor or a funder. These amounts will be released in future years to match any expenditure in the year.

The Voluntary Income Fund represents the unspent income from endowments. These amounts will be used in future years to further the specific purpose of the endowment to which it relates.

The Endowment - Capital Reserve comprises the total capital value of the bequests and large donations to the Library where either there is a restriction that capital should be preserved, attached to the bequest, or the Board have elected to preserve the principal amount.

The Library's policy in relation to unrestricted reserves is largely governed by its position as a NDPB and the requirement of its sponsoring body to spend grant-in-aid received and to not build up significant unrestricted reserves. However, reserves are needed to bridge the timing differences between spending and the receiving of payment from funders and to cover contingencies and potential events which may disrupt normal operational activities.

The minimum level of unrestricted reserves which should be held by the Library has been agreed as £450k – representing approximately 25% or 3 months cover for the Library's non-Grant in Aid income. The current level of unrestricted reserves is £597k which is considered satisfactory considering the Library's status as a NDPB.

At the end of the 2022/23 financial year the Library's reserves were as follows.

	<b>Library Reserves at 31/03/2022</b>	<b>Library Reserves at 31/03/2023</b>
	<b>£000</b>	<b>£000</b>
<b>Restricted Reserves</b>		
Capital Assets Fund	61,561	61,243
Revaluation Reserve	41,623	45,012
Donated Assets	853	2,836
Collection Purchase	451	378
Designated Purchase	5,965	5,729
Voluntary Income	179	260
Endowment - Capital	8,899	8,293
<b>Unrestricted Reserve</b>		
General Fund	859	597
<b>Total</b>	<b>120,390</b>	<b>124,348</b>

## 8. Principal Risks and Uncertainties

The Library has agreed a Risk Management Policy and Framework which outlines the roles, responsibilities and reporting arrangements in place for managing risk. At the centre of the process is the use of a three tiered approach with Departmental, Corporate and Strategic Risk Registers.

Risk at departmental level is identified and managed by Associate Directors on Departmental Risk Registers. These registers are then supported by a Corporate Risk Register which is managed by the Library Leadership Team (LLT). The Corporate Risk Register is reviewed on a quarterly basis by LLT with any new risks escalated to the appropriate level. In conjunction with the Board, the Library then develops the Strategic Risk Register. The Strategic Risk Register is reviewed at least every six months, both by LLT and the Audit Committee, and is reported to the

Library's Board. Each strategic risk is allocated an 'owner' who is responsible for ensuring that the risk is managed and that mitigating actions are taken. The Finance & Planning Department has responsibility for developing library-wide risk policy and monitoring conformance to it.

During the 2022/23 year the Strategic Risk Register continued to be refined and updated. The current Strategic Risk Register identifies ten strategic risks and the actions required to mitigate these. For each of these ten strategic risks the Board has agreed an Optimal Risk Position and a Tolerable Risk Position. The Optimal Risk Position is the level of residual risk with which the Library seeks to operate. The Tolerable Risk Position is the level of residual risk that the Library is willing to operate given current constraints for example financial resourcing and the need to continue to operate services. The Library seeks to move from the Tolerable Risk Position to the Optimal Risk Position as funding and circumstances allow.

At the end of the financial year the key risks along with the risk appetite/risk position and current assessment were as follows:

<b>Number</b>	<b>Risk</b>	<b>Optimal Risk Position</b>	<b>Tolerable Risk Position</b>	<b>Year-End Assessment</b>
S1	Significant loss or damage to the collections	Low	Moderate	Moderate
S2	Loss or interruption in service	Low	Moderate	Low
S3	Failure to comply with legal and/or statutory requirements	Low	Low	Low
S4	Reduction in financial resources	Moderate	High	Moderate
S5	Failure to effectively manage and engage staffing resource	Low	Low	Low
S6	Major Projects are not delivered successfully within agreed parameters	Low	Moderate	Low

S7	Loss/Damage to external partnerships	Low	Low	Low
S8	Duty of Care	Low	Low	Low
S9	Failure to maintain the Library's reputation	Low	Moderate	Low
S10	A significant cyber-security breach	Moderate	Moderate	High

There were two strategic risks at the end of the year where the current assessments are above the Optimal Risk Position. For S1 (Significant loss or damage to the collections) this reflects a review of collections protection measures and the identification of the requirement for some remedial works to bring the risk within the agreed appetite. In this instance, there is a programme of work underway and funding has been secured to carry out significant work over the 2023-2025 period. This work is due to begin in the 2023/24 financial year. Until this work is completed it is likely this risk will remain elevated. Key milestones in this Programme are being reported to the Audit Committee and Board.

For S10 (Significant cyber breach) the Optimal Risk Position is Moderate and the current assessment is High. The Library has a Cyber Security Plan which it is working through and it expects to be able to downgrade the risk assessment once most of these tasks have been completed.

This high-level risk register provides the platform for ensuring that all major business risks are adequately controlled, thereby reducing the risk that the Library does not achieve its objectives.

## 9. Investments

The Trustees Act 2000 governs the Board Members' investment powers. The Board Members have agreed the Library's Treasury Management and Investment Policy and the Audit Committee is provided with details of the performance of the portfolio at each of its meetings and meets the investment managers annually. The Library has agreed a balanced approach to risk in terms of investment return and capital protection and growth. The Board has acknowledged that its investment time horizon is in excess of five years and short/medium terms reductions are possible in the value of the portfolio.

Investment advisers are appointed to manage the majority of the Library's investments and their performance is measured by comparing their return with appropriate benchmarks. During the year the Library undertook a retender for investment management services. As part of their work investment managers are required to consider environmental, social and governance (ESG) matters as part of the choice of investments for the Library, sign up to the UN Principles of Responsible Investment and avoid direct investments in tobacco and armaments.

There was a decrease of £526k in the value of the Library's Endowment funds reflecting the difficult market conditions throughout 2022/23 and the use of some reserves.

## **10. Suppliers Payment Policy**

The policy of the Library is to pay creditors within agreed commercial terms or within 30 days of receipt of a valid invoice - whichever is sooner. During the year the Library took an average of 23 days to settle invoices (2021/22: 22 days). The Library recognises, supports and is working towards the Scottish Government target of paying suppliers within ten days. During the year 32% of invoices were paid within ten working days (2021/22: 22%).

## **11. Environmental matters**

Sustainability is an important theme in the Library's [strategy](#) and it is planning to build upon the work done in previous years. By the end of 2021/22 it has achieved a reduction in CO2 emissions of 75% compared to its baseline year. The figures for 2022/23 are currently being collected and are expected to see a continuation in the overall downward trend. A Climate Action Plan for the period up to 2025 has been agreed and this targets a reduction of 77.5% by the end of the period. This is a step towards the overall aim of the Library achieving net zero carbon by 2045.

The Library's annual Public Sector Sustainability Reports which are available on the [Library's website](#) provides comprehensive data relating to the Library's sustainability activity.

## **12. Management of Information**

The Library is fully committed to the data protection principles as detailed in UK General Data Protection Regulation (GDPR) and has a framework in place to help compliance with the specific requirements. There were two known breaches relating to personal data during the year. None required to be reported to the Information Commissioner's Office (ICO)

The Library is fully committed to good information management and keeps its Records Management Plan, prepared under the Public Records (Scotland) Act 2011, under continual internal review and annual external assessment by the Keeper of the Records of Scotland.

### **13. Fundraising**

The National Library of Scotland is an active fundraiser and directly employs a small team of professional fundraisers for this purpose. The Library does not currently use any external professional agencies or commercial operators.

All fundraising activity undertaken by the National Library of Scotland is compliant with the Code of Fundraising Practice and the Scottish Fundraising Standards Panel Fundraising Guarantee. Any persons fundraising in a voluntary capacity for the Library will receive a full briefing and will be asked to adhere to the Code of Fundraising Practice and the Library's Ethical Fundraising policies. Their compliance with the Code of Fundraising Practice will be reviewed on an annual basis. There have been no complaints about fundraising activity during the year.

The National Library of Scotland has developed policies and procedures for working with vulnerable supporters, handling donations, ethical fundraising and financial accountability. It also has policies and procedures in place relating to the appropriate and proportionate processing and retention of personal data for fundraising purposes.

### **14. Plans for the Future**

In September 2020 the Library agreed a strategy for the period 2020-2025 which concludes in the year the Library celebrates its centenary. The focus during 2023/24 and beyond will be the implementation of this strategy, adjusting to the post pandemic world and assessing the impact of the Scottish Government's 2022 Resource Spending Review on the Library.

As part of the strategy the Library has embarked on a number of new programmes and projects. This includes a programme of work on the preservation and digitisation of moving image and sound which will save from disintegration some of the most fragile formats in the country. A project to preserve, digitise and make available to the nation Scotland's newspaper heritage is also being developed.

Work on improving collections protection at the Causewayside building will also begin during 2023/24 and will continue for a number of years.

## 15. Appointment of Auditors

The financial statements of the Library are audited by independent auditors appointed by the Auditor General for Scotland. Audit Scotland, 102 West Port, Edinburgh, EH3 9DN were appointed from 1st April 2022 for a period of 5 years. The fee for audit services was £28,750 (2021: £22,020) which relates wholly to the provision of statutory audit services.

All of the accounting records have been made available to our auditors for the purposes of their audit and all transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of the Board and other relevant management meetings, have been made available and no such information has been withheld.

Internal Audit services during the year were supplied by BDO, 4 Atlantic Quay, 70 York Street, Glasgow.

## 16. Other Professional Advisers and Bankers

<b>Investment Advisers</b>	Brewin Dolphin	144 Morrison Street, Edinburgh
	Brown Shipley	2 Multrees Walk Edinburgh
	Rathbones	10 George Street Edinburgh
<b>Legal Advisers</b>	Anderson Strathern	1 Rutland Court, Edinburgh
<b>Bankers</b>	Bank of Scotland	The Mound, Edinburgh

	National Westminster Bank	135 Bishopsgate, London
<b>Tax Advisers</b>	Azets	Exchange Place, 3 Semple Street, Edinburgh



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28 September 2023  
Date: .....

Sir Drummond Bone

Chair of the National Library of Scotland



## **Governance Statement**

### **Introduction**

The National Library of Scotland is committed to best practice in all aspects of corporate governance and this statement describes the principal governance provisions which currently apply.

### **Statement of Board Members' responsibilities**

Under the National Library of Scotland Act, the Board Members are responsible for preparing a set of financial statements in accordance with applicable law and regulations.

The Board Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing the financial statement, the Board Members are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Confirm that the financial statements meet the requirements of the Companies Act 2006 and Accounting Standards issued or adopted by the Accounting Standards Board as far as those are applicable and that they also comply with the Government Financial Reporting Manual (FRoM), the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the provisions of the charity's constitution and the Accounts Direction issued by Scottish Ministers which is reproduced as an appendix, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board Members are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity. They are also responsible for safeguarding the assets of the

charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board Members are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement of Accountable Officer's Responsibility**

Responsibility for delivering the objectives of the Library is devolved, under a Board approved Scheme of Delegation, to the National Librarian, supported by the Library Leadership Team. The National Librarian is also the Chief Executive of the Library and the Accountable Officer for the use of public resources. This delegation includes the preparation of the financial statements.

In preparing the financial statements, the Accountable Officer is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Confirm that the financial statements meet the requirements of the Companies Act 2006 and Accounting Standards issued or adopted by the Accounting Standards Board as far as those are applicable and that they also comply with the Government Financial Reporting Manual (FRoM), the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the provisions of the charity's constitution and the Accounts Direction issued by Scottish Ministers which is reproduced as an appendix, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

- Confirm that the Annual Report and Financial Statements as a whole is fair, balanced, and understandable and take personal responsibility for the Annual Report and Financial Statements and the judgements required for determining that it is fair, balanced, and understandable.

In signing this Governance Statement, the Accounting Officer, is confirming that they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Library's auditors are aware of that information. They are also confirming that there is no relevant audit information of which the auditors are unaware.

### **Scope of Responsibility**

The respective responsibilities of the Scottish Ministers, the Board and the National Librarian are outlined in the [Framework Document](#) between the Scottish Government and Library. The role of the Board is to provide leadership, direction, support and guidance to ensure the Library delivers its functions effectively and efficiently in line with the aims, policies and priorities of the Scottish Ministers.

As Accountable Officer, the National Librarian is personally answerable to the Scottish Parliament in accordance with Section 15 of the Public Finance and Accountability (Scotland) Act 2000. The responsibilities of the Accountable Officer are described in the [Memorandum to Accountable Officers for Other Public Bodies](#).

The National Librarian along with the Board, has joint responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's aims and objectives as set by the Scottish Ministers, whilst also safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them.

The National Librarian is responsible for the propriety and regularity of financial transactions under their control and for the economical, efficient and effective use of resources provided to the Library, for ensuring that arrangements have been made to secure best value and for signing the Library's financial statements. The National Librarian is also responsible for providing any necessary assurances to the Principal Accountable Officer to enable them to sign the Statement on Internal Control contained within the Scottish Government consolidated financial statements. The National Librarian has responsibility for ensuring that effective management systems are in place within the Library and that all risks are identified, assessed and managed appropriately.

## **Discharge of Board Responsibilities**

To discharge its responsibilities the Board has met four times over the financial year. Every quarter the Board receives a report from the National Librarian covering key operational matters, a report on the progress with the annual Library Plan along with performance against key indicators, a finance report, minutes of Committee meetings and reports on specific topics as necessary. The management of the key strategic risks is also regularly considered by the Board. Other significant matters considered by the Board during 2022/23 included the following:

- Approving a number of major acquisitions and loans.
- Progress with the planning for the Library's centenary in 2025.
- Reviewing the Safeguarding Children, Young People and Vulnerable Adults Policy.

During 2020/21 the Board commissioned an independent Governance Review focusing on Board processes, structures, capabilities and culture and considering whether effective information management and reporting is in place. It concluded that the Library is a well-run organisation and made a number of enabling recommendations where incremental improvement could be considered. During the current year the Board assessed progress with the Action Plan.

The Board has delegated certain responsibilities to following Committees of the Board:

- Audit Committee.
- Governance Committee; and,
- Staffing and Remuneration Committee.

## **Work of the Audit Committee over the year**

The Audit Committee supports the Board in fulfilling its responsibilities for issues of risk and control and associated assurance through a process of constructive challenge. It makes recommendations to the Board and National Librarian on all aspects of finance, audit, risk and control. The Audit Committee held four virtual meetings over the financial year. In addition to the Committee members, the Director of Business Support, the Associate Director of External Relations, the internal auditors and the external auditors are invited to attend meetings. It is also attended by a representative from the Faculty of Advocates.

During the year the Committee considered:

- the Draft Annual Accounts, with particular attention to the critical accounting policies and disclosure obligations. Specific discussion was had on the appropriate level of reserves to be held by the Library.
- work of the external auditor, including their proposed annual audit report and ISA 260 requirement.
- detailed quarterly financial reports, considering whether adequate progress was being made with the Library's short and medium term financial plans.
- progress made with Collections Protection – and receiving reports from the Head of Estates on the actions taken against the agreed plan.
- progress made in relation to cyber security and other IT plans.
- long-term financial sustainability of the Library.
- the annual Procurement Report and progress being made in reducing 'off contract' spend across the Library.
- the appointment of new investment managers and new Facilities Management (FM) contractors.
- the procurement strategy for the Collections Protection work at Causewayside.

All audits conducted are fully compliant with the required Public Sector Internal Audit Standard (PSIAS). During the year internal audit services were undertaken by BDO. BDO was appointed from June 2019 as the result of a competitive tender exercise.

The internal audit activity in 2022/23 focussed on the following:

Area covered	Assessment	Definition
Staff Development	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Payroll	Substantial	There is a sound system of internal control designed to achieve system objectives.

Digital Preservation	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Strategic Planning	Substantial	There is a sound system of internal control designed to achieve system objectives.
Communications and Stakeholder Engagement	Substantial	There is a sound system of internal control designed to achieve system objectives.
Project Management	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Procurement and Contract Management	Substantial	There is a sound system of internal control designed to achieve system objectives.

Reports are produced for each of the areas with actions, timescales and staff responsibilities relating to the recommendations agreed. The reports are then considered by the Audit Committee. There is also a regular exercise to ensure that recommendations are being implemented in line with the agreed timescales.

The Audit Committee also continued to consider other reports linked to the Library's specific strategic risks. The May 2022 meeting received an update on the progress made with the Collections Audits which is linked to Strategic Risk 1 (Significant Loss or Damage to the Collections). An annual report is also made on any Losses/Thefts from the collections. Regular reports are received in relation to cyber security and general IT security preparedness.

As a result of this and other assurance work, the internal auditors have concluded, within the Annual Audit Report and Opinion, that:

- the risk management activities and controls in the majority of the areas examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.

- based on verification reviews and sample testing, the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

Reflecting on the course of its work in 2022/23, the Audit Committee is satisfied that it has highlighted any significant matters for the Board's attention.

### **Work of the Governance Committee**

The Governance Committee supports the Board in fulfilling its governance responsibilities. It makes recommendations to the Board and National Librarian on all aspects of governance.

The Governance Committee met twice during the year. It considered;

- updates to the Board Members' Code of Conduct.
- the annual process of Board self-appraisal.
- new Board Member recruitment.
- the minutes of the NLS Foundation.
- Library values.

### **Work of the Staffing and Remuneration Committee**

The Staffing and Remuneration Committee supports the Board in fulfilling its governance responsibilities relating to staff employment. It makes recommendations to the Board and National Librarian on all aspects of staff remuneration, benefits and employment conditions.

The Staffing and Remuneration Committee met three times during the year. At each meeting it received a Staff Report detailing key operational staffing information and issues of relevance to the Committee. As a matter of course it meets with staff representatives informally before the regular Committee meetings. Over the year the Staffing and Remuneration Committee considered:

- the annual pay award for staff and the National Librarian, recommending the latter to the Board.
- the results of the annual Staff Engagement survey and the progress made with actions agreed as part of previous survey responses.

- various human resources policies such as Disciplinary, Grievance and Hybrid Working.
- the actions being taken with regard to health and safety, and employee wellbeing.
- the progress with the Library's Equalities, Diversity & Inclusion (EDI) Plan.
- the work being done in relation to staff training and development and the arrangements in place for appraisals.

## **Purpose of the System of Internal Control**

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the organisation's policies, aims and objectives. It can, therefore, only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an on-going process designed to: identify the principal risks to the achievement of the organisation's policies, aims and objectives; evaluate the nature and extent of those risks; and, manage them efficiently, effectively and economically.

The [Scottish Public Finance Manual \(SPFM\)](#) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control. The process within the organisation accords with the SPFM and has been in place for the year ended 31st March 2023 and up to the date of approval of the financial statements and accords with guidance from the Scottish Ministers.

## **Risk and Control Framework within the Library**

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The Library Leadership Team reviews internal control and manages risk as part of its routine business. Associate Directors are responsible for managing risk within their departments and for maintaining, reviewing and updating the Departmental Risk Registers to reflect significant changes in circumstances. Where risks are perceived to have increased above agreed levels, Associate Directors are required to identify additional actions to mitigate those increased risks.



## Review of Effectiveness

As Accountable Officer and the Board Chair, we have responsibility for reviewing the effectiveness of the system of internal control. Our review is informed by:

- the Associate Directors and Directors within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Annual Audit Report and Opinion, which provides an independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement; and,
- comments made by the external auditors in their management letters and other reports.

## Assessment of Corporate Governance

The Library's arrangements for corporate governance comply with generally accepted best practice principles and relevant guidance as set out in the Scottish Public Finance Manual and therefore meet the governance requirements of the Board and Scottish Government.

*Amina Shah*

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Amina Shah

National Librarian  
28 September 2023

Date: .....

*Drummond Bone*

.....

Sir Drummond Bone

Chair of the National Library of Scotland  
28 September 2023

Date: .....

## Remuneration and Staff Report

### Introduction

Notes 1-9 in the Remuneration and Staff Report and the accompanying tables have been subject to audit by the Library's external auditor. Notes 10-15 in the Remuneration and Staff Report are reviewed by the external auditor to ensure that they are consistent with the financial statements.

### Note 1: Board Member Reimbursements

Board Members receive no remuneration but are reimbursed for travel expenses and any childcare expenses. Travel and subsistence expenses amounting to £840 (2021/22: £839) were paid to Board Members in respect of attendance at meetings. Five Board Members received reimbursement for expenses (2021/22: Three). Board Members do not receive any benefits in kind.

### Note 2: Leadership Team Salaries and Pension Benefits

The total amount paid to the key management personnel amounted to £523,758 (2021/22: £504,425). No benefits in kind were provided by the employer (2021/22: £Nil). Performance bonuses and overtime are not paid to senior management. One member of the Leadership Team received compensation for loss of office for 2022–23 amounting to £95,000 (2021–22: £Nil).

Pension benefits for the Leadership Team were provided through the Civil Service pension arrangements. No payments were made to Partnership Pension Accounts.

The salary and pension entitlement earned individually by the Leadership Team members for the year to 31 March 2023 are detailed below. The amounts shown below relate to remuneration for the period that the employee was part of the Leadership Team. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

The real increase in the value of the CETV is the element of the increase in accrued pension funded by the employer. It excludes increases due to inflation and contributions paid by the employee. It is calculated using common market valuation factors for the start and end of the period.

Post	Postholder	2023	2023 Salary	Pension	2023	2022	2023 Accrued	Real Increase	CETV as	Real	CETV as
		Salary	(Full Time	Benefits	Total	Total	Pension	in Pension	at	Increase	at
		(Paid)	Equivalent)						31/3/2022	in CETV	31/3/2023
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
National Librarian & Chief Executive	Amina Shah	105-110	105-110	41	145-150	80-85	0-5	0-2.5	13	20	42
Director of Business Support	Anthony Gillespie	85-90	85-90	33	115-120	110-115	15-20	0-2.5	195	21	234
Associate Director of External Relations	Jackie Cromarty	65-70	65-70	(5)	60-65	60-65	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0	623	(12)	663
Interim Associate Director of Collections & Research	Alison Stevenson	65-70	65-70	26	90-95	50-55	0-5	0-2.5	35	12	54
Associate Director of Access	John Coll (to 31/03/2023)	65-70	65-70	(4)	60-65	65-70	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0	634	(13)	690
Associate Director of Collections Management	Joe Marshall	65-70	65-70	26	90-95	85-90	5-10	0-2.5	41	13	61
Interim Associate Director of Digital	Gill Hamilton	65-70	65-70	83	145-150	140-145	35-40 plus lump sum of 60-65	2.5-5 plus lump sum of 2.5-5	624	67	761

### Note 3: Fair Pay

Public sector reporting bodies are required to disclose the relationship between and the remuneration of the highest paid member of their management team and the 25th percentile, 50th percentile (median) and 75th percentile of the organisation's workforce.

They are also required to disclose the percentage change from the previous financial year in respect of the highest paid member of the management team director and the average percentage change from the previous financial year in respect of the employees of the entity taken as a whole.

In 2022/23 no employees received remuneration in excess of the highest paid member of the Library Leadership Team (2021/22: none).

Remuneration during the year including the highest paid member of the Library Leadership Team ranged from £20,976 to £105,318 (2021/22: £19,774 to £104,818).

	<b>2022</b>	<b>2023</b>	<b>%</b>
	<b>£000s</b>	<b>£000s</b>	<b>Change in year</b>
Salary & Allowances of highest paid employee	100-105	105-110	0.48%
	<b>2022</b>	<b>2023</b>	<b>%</b>
			<b>Change in year</b>
25th percentile pay ratio	4.42	4.31	-2.55%
50th percentile (Median) pay ratio	3.85	3.76	-2.42%
75th percentile pay ratio	3.04	2.98	-2.13%
	<b>2022</b>	<b>2023</b>	<b>%</b>
	<b>£</b>	<b>£</b>	<b>Change in year</b>
Salary of staff member in the 25th percentile	23,175	24,432	5.42%
Salary of staff member in the 50th percentile	26,601	28,044	5.42%
Salary of staff member in the 75th percentile	33,665	35,352	5.01%
Salary & Allowances of employees as a whole	31,148	35,038	12.49%
Salary & Allowances of lowest paid employee	19,774	20,976	6.08%

The change in ratios above are in line with the current pay and reward models in place and particularly the Scottish Government Pay Policy for 2022/23.

#### **Note 4: Pension Costs**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but National Library of Scotland is unable to identify its share of the underlying assets and liabilities which means we have to account for this scheme as if it is a defined contribution scheme. The scheme actuary valued the scheme as at 31st March 2016. You can find details in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2022/23 employers' contributions of £2.56 million were payable to the PCSPS (2021/22: £2.35 million) at one of the four rates in the range 26.6% to 30.3% of pensionable earnings based on salary bands (2021/22 – 26.6% to 30.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022/23 to be paid when the member retires, and not the benefits paid during this year to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £14,409 (2021/22 - £15,511) were paid to one or more of the panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. Contributions due to the partnership pension providers at the balance sheet date were £Nil (2021/22 - £Nil). Contributions prepaid at that date were Nil (2021/22 - £Nil).

#### **Note 5: Exit Packages**

The Library launched a Voluntary Exit Scheme in August 2022 which resulted in seven members of staff leaving the Library before the end of March 2023. There were no compulsory redundancies. (2021/22: Nil).

Where applicable, redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where early retirements are agreed, the additional costs are met by the National Library of Scotland and not by the Civil Service Pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

	2022		2023	
	Total Exit Packages (Number)	Total Exit Packages (Value)	Total Exit Packages (Number)	Total Exit Packages (Value)
		£000		£000
<b>Exit Package Cost</b>				
Less than £10,000	-	-	-	-
Between £10,000 - £24,999	-	-	1	23
Between £25,000 - £49,999	-	-	4	142
Between £50,000 - £99,999	-	-	2	157
Between £100,000 - £150,000	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>322</b>

#### Note 6: Employees whose emoluments exceeded £60,000

Employees whose emoluments exceeded £60,000

	2022	2023
	Number	Number
£60,000 to £69,999	5	5
£70,000 to £79,999	-	-
£80,000 to £89,999	1	1
£90,000 to £99,999	-	-
£100,000 to £109,999	1	1
<b>Total</b>	<b>7</b>	<b>7</b>

#### Note 7: Employee Analysis

The average number of staff by band and gender for 2022/23 was as follows.

	<b>2022</b>	<b>2023</b>
	<b>Headcount</b>	<b>Headcount</b>
<b>Full time</b>		
Male	112	112
Female	111	111
<b>Part time</b>		
Male	25	30
Female	76	69
<b>Total</b>	<b>324</b>	<b>322</b>

This can be further analysed as follows.

	<b>Male</b>	<b>Female</b>	<b>2023 Total</b>
	<b>Headcount</b>	<b>Headcount</b>	<b>Headcount</b>
Leadership Team	3.00	4.00	7.0
Other Staff	139.0	176.0	315.0
<b>Total</b>	<b>142.0</b>	<b>180.0</b>	<b>322.0</b>

### **Note 8: Staff Turnover**

Staff turnover in 2022/23 was 15.0% (2021/22: 9.5%). The increase over the year can be attributed to the Voluntary Early Exit scheme, the ending of fixed terms posts linked to specific projects and the Library's staff demographic.

### **Note 9: Consultancy Spend/Off Payroll Arrangements**

There was no spend on consultancy relating to staffing matters (2021/22: Nil) and no off-payroll arrangements during the year (2021/22: Nil).

### **Note 10: Staff Remuneration Policy**

The Library remunerates staff under an agreed Pay & Grading system designed and introduced in 2014 to ensure fair and equitable treatment. The current system was developed with the staff unions through the collective bargaining arrangements. All staff are covered by this Pay & Grading system with the exception of the National Librarian. The remuneration of the National Librarian is determined by the Board of the Library but must comply with the Scottish Government's Pay Policy for Senior Public Appointments and is approved and monitored by the Scottish Government.

The Library operates delegated pay and grading arrangements and is responsible for negotiating pay settlements within a pay remit agreed with the Scottish Government. Any pay

settlement is agreed by the Staffing & Remuneration Committee. Although staff are not civil servants, the Library follows the principles of the Civil Service Commissioners' Recruitment Code, which requires all appointments to be made on merit on the basis of fair and open competition.

The majority of Library staff are employed on permanent contracts though a number are employed on fixed term contracts. All are entitled to join the Civil Service pension arrangements. Notice periods are set by the Library and are those generally in use in the public sector. Termination payments are paid in accordance with the Civil Service Compensation Scheme.

### **Note 11: Staff Absence**

Average sickness absence for 2022/23 was 9.0 days (2021/22: 6.8 days) which was an increase on the previous year and has been attributed to the spread of COVID across the population.

The Library has an Attendance Management Policy and Procedure which aims to provide a framework to manage and support attendance, reduce absence and provide a basis for fair and consistent decision-making on the management of employees who are not attending for work regularly. Over the year the Library has continued to support more homeworking and a hybrid form of homeworking/working in Library buildings. This has worked well and will be continued into the future.

### **Note 12: Staff Engagement**

The Library regularly undertakes staff surveys with the last undertaken in 2022. The scores overall were positive and reflect well on the Library's handling of the pandemic. When compared to the 2021 survey, improvements were seen in many areas including communication and leadership. The areas for improvement relate to staff workload in certain areas and skills development.

The Library is committed to developing effective communications with all employees to enable them to be informed, motivated and able to support the Library's objectives and users. All-staff meetings are held on a quarterly basis where the National Librarian provides an update on recent developments. Departments and teams also hold regular staff meetings. There is a cascade system for decisions from the Library Leadership Team and the intranet is also heavily used for both formal and informal communication.



### **Note 13: Equal Treatment**

The Library maintains, develops and monitors equality objectives relating to staffing and in June 2023 published the most recent update in this area on the Library website in the form of an [Equalities Mainstreaming Progress Report](#). The Library also conducts equality impact assessments as required and offers training and awareness events in this area.

The [Equalities Mainstreaming Progress Report](#) details a mean gender pay gap of 2.55 % in favour of women and a median gender pay gap of 0.00% i.e. no difference.

Applications from people with disabilities for employment or promotion are offered additional support throughout the process and we have procedures in place to ensure applicants are not disadvantaged and given full and fair consideration for our advertised roles.

### **Note 14: Health, Safety and Security at Work**

The Library aims to provide safe and healthy workplaces and spaces for employees and visitors. It uses health & safety risk assessments to protect from hazards and employs trained health & safety staff as well as training staff across the organisations.

The Library also runs a wellbeing group which runs regular events highlighting the benefits of healthy eating, physical exercise and the importance of mental health awareness.

Should staff have serious concerns about what is happening at work, there is a Whistleblowing Policy which allows for concerns to be raised confidentially with a range of internal and external contacts. The Library's Whistleblowing Policy is compliant with the Public Concern at Work (PCaW) Code of Practice and the Library was one of the 'First 100' signatories.

### **Note 15: Trade Union Relationships**

The Library recognises three trade unions, First Division Association (FDA), Public & Commercial Services Union (PCS), and Prospect, and works closely with both local and national union officials on matters such as health and safety, training and development and employee well-being. In addition, there is a formal joint consultative mechanism with the trade unions, the Whitley Council, which currently meets four times a year. The Whitley meetings are chaired by the National Librarian. Additionally, a union representative attends meetings of the Board as an observer. Monthly informal meetings are held with the trade unions and HR to discuss and take forward a number of matters.

Under statute some public bodies, including the Library are required to disclose the facility time provided to trade unions.

**Relevant Union Officials**

Number of employees who were relevant union officials during the relevant period	16
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Full time equivalent employee number	13.22
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**Percentage of time spent on facility time**

	<b>Number of employees</b>
Percentage of time	
0%-0.99%	5
1-50%	11

**Percentage of pay bill on facility time**

Total cost of facility time (£'000)	11
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Total pay bill (£'000)	13,462
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Percentage of total pay bill spent on facility time (%)	0.08%
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**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.22%
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# **Independent auditor's report to the members of National Library of Scotland, the Auditor General for Scotland and the Scottish Parliament**

## **Reporting on the audit of the financial statements**

### **Opinion on financial statements**

I have audited the financial statements in the annual report and Financial Statements of National Library of Scotland for the year ended 31 March 2023 under the National Library of Scotland Act 2012 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the 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 accompanying financial statements:

- give a true and fair view of the state of the body as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Financial Statements (Scotland) Regulations 2006.

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by

the Auditor General for Scotland. 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 was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body 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. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern basis of accounting**

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 body'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.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

### **Risks of material misstatement**

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Accountable Officer and Board Members' for the financial statements**

As explained more fully in the Statement of Accountable Officer's Responsibility and Statement of Board Members' Responsibilities, the Accountable Officer and Board Members' are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer and Board determine is 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 Accountable Officer and Board Members' are responsible for assessing the body'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 there is an intention to discontinue the body's operations.

## **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 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.

Procedures include:

- using my understanding of the central government sector to identify that the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005, and

The Charities Financial Statements (Scotland) Regulations 2006 are significant in the context of the body;

- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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 body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## **Reporting on other requirements**

### **Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report**

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers.

### **Other information**

The Accountable Officer and Board are responsible for the other information in the Annual Report and Financial Statements. The other information comprises the Annual Report of the Board and the Governance Statement.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my 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.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Annual Report of the Board and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### **Opinions prescribed by the Auditor General for Scotland on the Annual Report of the Board and Governance Statement**

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

- the information given in the Annual Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers; and
- 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 that report has been prepared in accordance with the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers.

### **Matters on which I am required to report by exception**

I am required by The Charities Financial Statements (Scotland) Regulations 2006 to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.



## Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and Financial Statements, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Andrew Kerr*

Andrew Kerr

Audit Scotland

4th Floor, South Suite, The Athenaeum Building

8 Nelson Mandela Place,

Glasgow

G2 1BT

29 September 2023

Andrew Kerr is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

## Statement of Financial Activities for the year ended 31st March 2023

All incoming and outgoing resources derive from activities in furtherance of the Library's objectives and all activities are classed as continuing. There is no material difference between the outgoing resources for the financial year stated above and their historical cost equivalents.

2022	Note(s)	Restricted Funds	Endowment Funds	Unrestricted Funds	2023
£000		£000	£000	£000	£000
<b>Income &amp; Endowments from:</b>					
956 Donations & Legacies	3	48	-	1,043	1,091
574 Charitable Activities	3	-	-	752	752
51 Other Trading Activities	3,4	-	-	98	98
172 Investments	3	182	-	40	222
17,057 Other - Grant-in-Aid	2	1,265	-	16,240	17,505
<b>18,810 Total</b>		<b>1,495</b>	<b>-</b>	<b>18,173</b>	<b>19,668</b>
<b>Expenditure on:</b>					
337 Raising Funds	5	40	-	371	411
9,194 Collection Development	5	161	-	10,281	10,442
5,519 User Access to Collections	5	-	-	6,275	6,275
466 Strategy and Communications	5	-	-	473	473
1,799 Collection Purchases	5	641	-	19	660
506 Governance	5	-	-	507	507
3,403 Depreciation	5	-	-	3,659	3,659
<b>21,224 Total</b>	<b>5</b>	<b>842</b>	<b>-</b>	<b>21,585</b>	<b>22,427</b>
284 (Losses)/Gains on investments	10	-	(506)	-	(506)
<b>(2,130) Net Income/(Expenditure)</b>		<b>653</b>	<b>(506)</b>	<b>(3,412)</b>	<b>(3,265)</b>
<b>Transfers between Funds</b>					
- Release in respect of depreciation		(2,913)	-	2,913	-
- Other Transfers		(137)	(100)	237	-
<b>Other recognised Gains</b>					
3,813 Gains/(Losses) on the revaluation of fixed assets	8	5,240	-	-	5,240
105 Donated Assets	9	1,983	-	-	1,983
<b>1,788 Net movement in Funds</b>		<b>4,826</b>	<b>(606)</b>	<b>(262)</b>	<b>3,958</b>
<b>Reconciliation of Funds</b>					
<b>118,602</b> Fund balances brought forward at 1 April	<b>16</b>	110,632	8,899	859	120,390
<b>120,390</b> Fund balances carried forward at 31 March	<b>16</b>	<b>115,458</b>	<b>8,293</b>	<b>597</b>	<b>124,348</b>

The notes on pages 45 to 67 form part of these financial statements.

**Balance Sheet as at 31st March 2023**

		<b>2022</b>	<b>2023</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed Assets</b>	Note		
Tangible Assets	8	67,082	69,378
Heritage Assets	9	40,183	42,646
Investments	10	8,292	7,745
<b>Total fixed assets</b>		<u>115,557</u>	<u>119,769</u>
<b>Current Assets</b>			
Stocks	12	34	33
Debtors	11	3,133	3,640
Cash at bank and in hand	13	2,868	2,175
<b>Total current assets</b>		<u>6,035</u>	<u>5,848</u>
<b>Creditors - amounts falling due within one year</b>	14	<u>(1,132)</u>	<u>(1,195)</u>
<b>Net current assets</b>		<u>4,903</u>	<u>4,653</u>
<b>Total assets less current liabilities</b>		<u>120,460</u>	<u>124,422</u>
Provisions for Liabilities and Charges	15	<u>(70)</u>	<u>(74)</u>
<b>Net assets</b>		<u><u>120,390</u></u>	<u><u>124,348</u></u>
<b>The funds of the charity:</b>			
<b>Endowment funds</b>	16	8,899	8,293
<b>Restricted funds</b>			
Capital Assets Fund	16	61,561	61,243
Revaluation Reserve	16	41,623	45,012
Donated Assets	16	853	2,836
Collection Purchase	16	451	378
Designated Purpose	16	5,965	5,729
Voluntary Income	16	179	260
<b>Unrestricted Funds</b>			
General Fund	16	859	597
<b>Total Charity Funds</b>		<u><u>120,390</u></u>	<u><u>124,348</u></u>

The Board approved these financial statements on the 27th September 2023 and the Accountable Officer authorised them for issue on the same date.

.....

Amina Shah *Amina Shah*

National Librarian & Accountable Officer  
28 September 2023

.....

Sir Drummond Bone *Drummond Bone*

Chair of the National Library of Scotland  
28 September 2023

The notes on pages 45 to 67 form part of these financial statements.

**Statement of Cash Flows for the year ended 31st March 2023**

	Note	2022 £000	2023 £000
<b>Cash flows from operating activities</b>			
Surplus/(Deficit) for the financial year as per the SOFA		(2,414)	(2,759)
Depreciation on tangible fixed assets	8	3,403	3,659
Non cash movement in restricted funds		50	43
Dividends & interest from investments		(172)	(222)
(Increase)/Decrease in stock	12	(21)	1
(Increase)/Decrease in debtors	11	(44)	(507)
Increase/(Decrease) in creditors and provisions	14/15	(59)	67
<b>Net cash inflow from operating activities</b>		<b>743</b>	<b>282</b>
<b>Cash flows from investing activities</b>			
Additions to fixed assets		(481)	(716)
Dividends & interest from investments		172	222
Purchase of items for the collections		(228)	(481)
<b>Net cash (used in) investing activities</b>		<b>(537)</b>	<b>(975)</b>
<b>Cash flows from financing activities</b>			
Increased investment in endowment funds		-	-
<b>Net cash (used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Change in cash in the reporting year</b>			
Cash at 1 April	13	2,662	2,868
<b>Cash at 31 March</b>	13	<b>2,868</b>	<b>2,175</b>

The notes on pages 45 to 67 form part of these financial statements.

## Notes to the Financial Statements for the year ended 31st March 2023

### 1. Accounting policies

#### a. Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the inclusion of investments at market value, in accordance with directions given by the Scottish Ministers under paragraph 12 of the Schedule to the National Library of Scotland Act 2012. The Accounts Direction given by the Scottish Ministers is produced as an appendix to these financial statements.

We have adopted the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2015).

The financial statements incorporate the transactions and balances of the Library, its bequests and other acquisition and cataloguing funds up to 31st March each year. Of these bequests, only the income from the Alexander Grant Fund (Net Assets: £1.982 million) is solely available for the general purposes of the Library, the other funds being restricted in use to different degrees. Amounts are rounded to the nearest thousand.

Without limiting the information given, the financial statements meet the requirements of the Companies Act 2006 and Accounting Standards issued or adopted by the Accounting Standards Board as far as those are applicable. They also comply with the Government Financial Reporting Manual (FRoM), the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the provisions of the charity's constitution and the Accounts Direction issued by Scottish Ministers which is reproduced as an appendix. The Library is a public benefit entity as defined by FRS102 whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

The financial statements have been prepared on a going concern basis with consistently applied accounting policies.

b. Fund Accounting

The Library applies fund accounting to the resources under its control. Fund accounting distinguishes between two primary classes of fund: those that are unrestricted in their use, which can be spent for any charitable purposes of a charity, and those that are restricted in use, which can only be lawfully used for a specific charitable purpose.

Restricted funds can only be used for particular purposes specified by or agreed with the donor. Permanent endowment funds are funds where the capital must be retained and invested. General funds may be used for any purpose within the Charity's objects.

c. Tangible fixed assets and depreciation

Title to the Land and Buildings used by the Library is either held in the name of the Scottish Ministers, the name of the Board or by the Faculty of Advocates and occupied under license. The method of valuation for properties of a specialised nature, that is land and buildings for which there is effectively no market, is depreciated replacement cost. Other properties have been valued at either open market value or existing use value. Full valuations of land and buildings are undertaken every five years and buildings are updated in intervening years by applying appropriate cost indices. Fixed assets other than buildings are held at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

All items of capital expenditure costing in excess of £5,000 are treated as additions to fixed assets.

Depreciation is provided in equal annual instalments on all fixed assets over their estimated useful lives, as follows:

Buildings	over 10 to 40 years
Motor Vehicles	over 5 to 8 years
Equipment and Machinery	over 4 to 10 years
Computer Equipment	over 4 to 5 years

No depreciation is provided on land or capitalised collection items. All assets are subject to impairment reviews where there is an indicator of potential impairment. Such reviews are conducted by reference to market value of the related asset or its value to the Library. Depreciated historic cost has been used as a proxy for the current value of motor vehicles, plant and equipment and computer equipment. All of the assets in these categories have:

- low values and short economic lives which realistically reflect the life of the asset, and
- a depreciation charge which provides a realistic reflection of consumption.

d. Incoming resources

**Government and other grants**

Grant in Aid received from the Scottish Government is credited to the Statement of Financial Activities (SOFA) in the year in which it is received. When the grant is utilised in the creation of tangible assets the amount is transferred to the Capital Asset Fund, and amounts are subsequently transferred back to the General Fund as the related assets are depreciated. Grant in Aid for the purchase of items for the Library's collections is given specifically for this purpose and is credited to Restricted Funds.

Income from other grants is recognised when the Library has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

**Other income**

All other income is accounted for on a receivable basis and recognised in the Statement of Financial Activities. Donations and Legacies are included on a cash received basis.

Income from Revenue Earning Activities is disclosed within the financial statements on a gross accounting basis.

e. Resources expended

Expenditure is classified in the Statement of Financial Activities under the principal categories of charitable activities, costs of generating income and governance.

Charitable expenditure comprises direct expenditure attributable to the principal functions of the Library and support costs. Expenditure has been attributed to departments, where possible on an actual basis and otherwise in proportion to the direct costs of each of those departments.

The Library's principal functions are collection development, providing user access and the development of the Library's functions. The costs of the Library's corporate services department are allocated across the charitable expenditure. These costs include the cost of maintaining the Library's buildings and providing other support services within the Library.

Governance costs are those incurred in connection with the management of the Library's assets, organisational administration and compliance with statutory requirements. All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay.

f. Investments

The Library's endowment funds are partly held in the form of listed investments from which income is derived and used to meet the specific objects of the funds. These investments are shown at market value in accordance with the Charities SORP 2019. Amounts realised on disposal of assets are reinvested within the funds. Realised and unrealised gains are included in the Statement of Financial Activities.

The investment policy is determined by the Board in accordance with the wishes of the donors and is implemented by professional investment advisers. The Board has instructed the investment advisers not to invest in anything that would bring the Library into disrepute.

g. Stocks

Stock held for the shop is shown at cost price within the Balance Sheet. All other stocks are immediately expensed to the Statement of Financial Activities.

h. Debtors



Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

i. Creditors & Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j. Taxation

The Library is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Library has special VAT status. It is specifically listed in Section 33a of the VAT Act 1994 and HM Revenue and Customs Notice 998. This VAT status allows the Library to recover (in full) any VAT that is incurred on expenses linked to free rights of admission. There are two specific instances which are not covered by Section 33a and in these circumstances non-recoverable Value Added Tax arising from expenditure is charged in the Statement of Financial Activities.

k. Foreign currency

Income and expenditure in foreign currencies are converted to sterling at rates approximate to those ruling at the date of each transaction.

l. Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit scheme and is unfunded.

The Library recognises the expected cost of providing future pensions over the period during which it benefits from employees' services. Ascertained future costs connected

with early retirement or early departure are recognised in full in the year in which an individual leaves the Library's service.

m. Leases

Leases where substantially all the risks and rewards of ownership of the related asset do not pass to the Library are treated as operating leases. Rentals are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

n. Reserves

Reserves are held as follows:

**Capital Assets Fund**

Grants utilised in the creation of Tangible Assets are credited to the Capital Asset Fund. Amounts are then released from the Fund and credited to the General Fund as the related assets are depreciated. Collection items with a value in excess of £5,000 are capitalised within Heritage Assets, and the associated Grant in Aid funding credited to the Capital Assets Fund.

**Revaluation Reserve**

Land and Buildings are revalued every five years. The difference between the revalued amount and historical cost is included within the Revaluation Reserve. This fund is used to offset the additional depreciation arising from any increased valuations and for any future reductions arising from reviews.

**Collection Purchase Reserve**

Grant in Aid and other conditional grants received specifically for the purchase of Collection items are credited to the Collection Purchase Reserve, expenditure on Collection items is debited to the Collection Purchase Reserve. Collection items with a value in excess of £5,000 are capitalised within Heritage Assets, and the associated Grant in Aid funding credited to the Capital Assets Fund.

**Donated Assets Reserve**

Heritage assets donated to the Library by third parties, either by gift of the asset or 'in lieu of tax', are capitalised at an estimated current value on receipt. This value is credited to the Donated Assets Reserve.

### **Designated Purposes Fund**

The Designated Purposes Fund comprises three elements:

- Grants utilised in the creation of Tangible Assets other than Land and Buildings are credited to the Designated Purpose Fund. Amounts are then released from the Fund and credited to the General Fund as the related assets are depreciated.
- Grants utilised in prepaying the lease for Kelvin Hall have been credited to the Designated Purpose Fund. Amounts are then released annually from the Fund and credited to the General Fund to match the profile of lease/rental payments.
- Funding held for a specified future purpose as agreed with a donor or a funder. The balance on this element of the funds represents amounts which have not yet been used and are available to meet future restricted expenditure. Funds are released from reserves to match the expenditure in the year.

### **Voluntary Income Fund**

The Board and management of the Library have operational control of the balances of endowment funds. These funds are invested and the investment income generated is credited to Voluntary Income Fund. Any expenditure is charged to the Fund along with any investment management charges. The balance on the Fund therefore represents the unspent income from endowments which will be used in future years to further the specific purpose of the endowment.

### **Endowment - Capital**

This reserve is credited or debited with changes in the capital value of endowments where there is a restriction that capital should be preserved attached to the bequest or the Board have elected to preserve the principal amount.

### **General Fund**

The General Fund represents the free reserves of the Library, the purpose of which is to cover contingencies and potential events which may disrupt normal operational activities.

- o. Relationship between the Library and the Agency for the Legal Deposit Libraries

As the Library has an undertaking, other than a subsidiary undertaking, in which it has

an investment representing 20% of the voting rights and over which it exerts significant influence, this is treated as an associated undertaking. Group financial statements are not prepared on grounds of materiality. (See Note 21)

p. Impairment

The carrying value of the Library's assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment. An impairment loss is recognised in the expenditure account whenever:

- The carrying value of assets exceeds the recoverable amount; or
- The residual value has fallen below that originally estimated; or
- The economic life of the asset is lower than originally estimated.

q. Estimation Techniques

In the interim years between professional revaluations, the Library's Land and Building are revalued using the Building Cost Information Services (BCIS) All In Tender Price index.

r. Heritage Assets

The Library's collections as at 1st April 2001 are not included in the balance sheet as data is not available to cover that period. The Board is of the opinion that reliable information on cost or valuation is not readily available for the bulk of the Library's collection of Heritage Assets. This view has been reached due to the number of items, lack of comparative market values and the diverse nature of the collection.

Individual items acquired after 1st April 2001 with a value at the date of acquisition in excess of £5,000 are capitalised at cost (see Note 9). The amount of any grants received towards the purchase of such items is transferred to the Capital Assets Fund on the balance sheet. Under HM Treasury guidance, heritage assets items are not depreciated or revalued.

**2. Other Grant-in-Aid**

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Grant-in-Aid Received</b>		
Running Costs	14,907	15,655
Capital	750	850
	<u>15,657</u>	<u>16,505</u>
Purchase Grant	1,400	1,000
<b>Total Received during year</b>	<b><u>17,057</u></b>	<b><u>17,505</u></b>

**3. Analysis of Income**

Analysis of Income	2022	Restricted Funds	Un restricted Funds	2023 Total
	£000	£000	£000	£000
<b>Donations &amp; Legacies</b>				
General Grants	581	48	1,001	1,049
Donations	375	-	42	42
	<u>956</u>	<u>48</u>	<u>1,043</u>	<u>1,091</u>
<b>Charitable</b>				
Property rental	31	-	43	43
Agency services	98	-	77	77
Reprography	198	-	200	200
Sundry income	247	-	432	432
	<u>574</u>	<u>-</u>	<u>752</u>	<u>752</u>
<b>Other Trading Activities</b>				
Shelving Rental	19	-	20	20
Box Making Income	7	-	10	10
Shop & Café Income	25	-	68	68
	<u>51</u>	<u>-</u>	<u>98</u>	<u>98</u>
<b>Investments</b>				
Investment Income	172	182	40	222
<b>Other - Grant In</b>				
Grant In Aid	<u>17,057</u>	<u>1,265</u>	<u>16,240</u>	<u>17,505</u>
<b>Total Income &amp; Endowments</b>	<b><u>18,810</u></b>	<b><u>1,495</u></b>	<b><u>18,173</u></b>	<b><u>19,668</u></b>

By comparison, in the year ended 31 March 2022, Charitable Activities, Other Trading Activities and General Grant income related only to Unrestricted Funds. Donations and Legacies was split £359k of Unrestricted and £16k of Restricted funds, Grant in Aid was split £15,947k of Unrestricted and £1,100k of Restricted. Investment Income was split £1k of Unrestricted and £171k of Restricted.

#### 4. Other Trading Activities

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Income</b>		
Shelving Rental	19	20
Box Making Income	7	10
Café and Shop Income	25	68
<b>Total Income</b>	<b>51</b>	<b>98</b>
<b>Less: Costs</b>		
Cost of sales	(21)	(66)
Direct wages	(33)	(51)
Administration	(5)	(7)
<b>Total Costs</b>	<b>(59)</b>	<b>(124)</b>
<b>Surplus/(Deficit) for the year:</b>	<b>(8)</b>	<b>(26)</b>

#### 5. Analysis of Expenditure

The allocation of support costs is in direct proportion to the direct costs of these activities after adjustments for depreciation, acquisition and use of fixed assets, and the costs of activities, such as shop and café costs, unique to any area of activity.

<b>Analysis of Expenditure</b>	<b>2022 Total £000</b>	<b>Direct Costs £000</b>	<b>Support Costs £000</b>	<b>2023 Total £000</b>
<b>Raising Funds</b>				
Raising Donations & Legacies	228	190	57	247
Expenditure on Other Trading Activities	59	47	77	124
Investment Management costs	50	40	-	40
	<b>337</b>	<b>277</b>	<b>134</b>	<b>411</b>
<b>Charitable Activities</b>				
Collection Development	9,194	6,234	4,208	10,442
User Access to Collections	5,519	3,509	2,766	6,275
Strategy and Communications	466	281	192	473
Collection Purchases	1,799	660	-	660
Governance	506	302	205	507
Depreciation	3,403	3,659		3,659
<b>Total Resources Expended</b>	<b>20,887</b>	<b>14,645</b>	<b>7,371</b>	<b>22,016</b>
<b>Total Expenditure</b>	<b>21,224</b>	<b>14,922</b>	<b>7,505</b>	<b>22,427</b>

By comparison, in the year ended 31 March 2022, Total Expenditure on User Access to Collections, Strategy and Communications, Governance and Depreciation relate only to Unrestricted Funds. Total expenditure on Raising Funds was split £287k Unrestricted and £50k of Restricted, Collection Development was split £9,034k of Unrestricted and £160k of Restricted and Collection Purchases was split £1,055k of Unrestricted and £744k of Restricted.

## 6. Staffing Costs

Staff costs during the year were as follows.

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	8,765	9,938
Social Security costs	779	948
Pension costs	2,356	2,576
Agency staff costs	279	177
<b>Total</b>	<b>12,179</b>	<b>13,639</b>
<b>Accounted for within:</b>		
Unrestricted Funds	12,020	13,478
Restricted Funds	159	161
<b>Total</b>	<b>12,179</b>	<b>13,639</b>

The average number of Full Time Equivalent (FTE) staff during the year was as follows.

	<b>2022</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Access	43	42
Acquisitions & Description	62	58
Business Support	55	58
Collections & Research	68	69
Digital	35	36
External Relations & Governance	15	14
National Librarian's Office	4	4
<b>Total</b>	<b>282</b>	<b>281</b>

More detail on Staffing Costs is included in the Remuneration and Staff Report.



**7. Other Operating Charges**

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>General</b>		
Administration expenses	489	508
Operating lease rentals (see note below)	30	35
Travel, subsistence and hospitality	93	135
Office equipment and supplies	87	164
Purchases/Grants relating to Collections	1,801	660
Digitisation of the Collections/Web Development	11	26
Exhibitions	150	210
Copyright Agency	151	155
Computer Services	607	614
Record purchase	11	11
Audit fees (see note below)	36	43
Conservation and Preservation	19	54
Consultancy	125	47
Depreciation	3,402	3,659
<b>Sub-total</b>	<b>7,012</b>	<b>6,321</b>
<b>Buildings</b>		
Utilities	459	551
Rent, rates and service charges	2	206
Lease of Land and Buildings	285	310
Buildings maintenance	1,270	1,380
Furniture	6	7
Transport	11	13
<b>Sub-total</b>	<b>2,033</b>	<b>2,467</b>
<b>Total</b>	<b>9,045</b>	<b>8,788</b>

Operating lease rentals are paid in respect of rental of buildings and general office equipment. Included in Audit Fees is £27,780 in relation to External Audit services for 2022/23 provided by Audit Scotland.

## 8. Tangible Assets

	2022 Total	Land and Buildings	Motor vehicles	Equipment and Machinery	Computer equipment	2023 Total
	£000	£000	£000	£000	£000	£000
<b>COST OR VALUATION</b>						
Balance at 1 April 2022	97,213	94,602	82	5,334	3,149	103,166
Additions	481	265	106	138	207	716
Disposals	(30)	-	(37)	(51)	(313)	(402)
Revaluation / Indexation Adjustment	5,502	7,883	-	-	-	7,883
<b>Balance at 31 March 2023</b>	<b>103,166</b>	<b>102,749</b>	<b>151</b>	<b>5,421</b>	<b>3,043</b>	<b>111,364</b>
<b>ACCUMULATED DEPRECIATION &amp; IMPAIRMENT</b>						
Balance at 1 April 2022	31,023	30,748	62	2,890	2,385	36,085
Charge for the year	3,403	2,913	17	421	308	3,659
Disposals	(30)	-	(37)	(51)	(313)	(402)
Revaluation/Indexation Adjustment	1,689	2,643	-	-	-	2,643
<b>Balance at 31 March 2023</b>	<b>36,085</b>	<b>36,304</b>	<b>42</b>	<b>3,260</b>	<b>2,380</b>	<b>41,986</b>
<b>NET BOOK VALUE</b>						
<b>At end of period</b>	<b>67,082</b>	<b>66,445</b>	<b>109</b>	<b>2,161</b>	<b>663</b>	<b>69,378</b>
At start of period	68,784	63,854	20	2,444	764	67,082

Land and Buildings includes £3.160 million (2021/22: £3.160 million) in respect of land which is not depreciated.

At 31st March 2020 all Land and Buildings were revalued by Shepherds, a firm of chartered surveyors, on the basis of Depreciated Replacement Cost for buildings of a specialised nature and on the basis of Existing Use Value for other buildings. The valuation was carried out by a Member of the Royal Institute of Chartered Surveyors (MRICS).

Depreciated Replacement Costs were derived by the valuers on the basis of land values and estimated current construction costs, including professional fees and finance costs for each individual property. The amount by which replacement cost for each property was discounted to arrive at Depreciated Replacement Cost was assessed by the valuers on the basis of the current condition and state of repair of the property concerned (rather than by time apportioning over the estimated total life of the property).

## 9. Heritage Assets

A Heritage Asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

The value held by the Library comprised.

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance of capitalised items at 1 April	38,429	39,108	39,660	39,850	40,183
Acquired at cost with a value exceeding £5,000	288	472	168	228	481
Acquired via donation with a value exceeding £5,000	391	80	22	105	1,982
<b>Balance at 31 March</b>	<b>39,108</b>	<b>39,660</b>	<b>39,850</b>	<b>40,183</b>	<b>42,646</b>

The Library's Collection Development Policy is available on the [website](#) and details the Library's approach across the various formats and subjects. The collections can be accessed online with digital resources available following registration. Material can also be consulted in the Library's reading rooms. There is also a year-round programme of events and exhibitions.

The Library's Scottish Treasures are of major significance for the nation. Collections include the last letter written by Mary Queen of Scots, the earliest manuscript maps of Scotland and the first book printed in Scotland. Four items from the collections were among the first ten inscriptions to the UNESCO UK Memory of the World Register in 2010.

The Board is of the opinion that reliable information on cost or valuation is not available for the Library's collection of Heritage Assets. As such the collections cannot be valued meaningfully. This view has been reached due to the number of items, lack of comparative market values and the diverse nature of the collection, so that reliable cost or valuation information cannot be obtained.

Collections as at 1st April 2001 are not included in the balance sheet as data is not available for that period. Acquisitions for collections of individual items with a value at the date of acquisition in excess of £5,000 have been capitalised since 1st April 2001 and are included in the balance sheet at cost. Depreciation is not charged and the items are not revalued. Items donated to the Library by third parties, either by gift of the asset or 'in lieu of tax', are capitalised at an estimated current value on receipt. Expenditure on Preservation and Conservation is recognised within the Statement of Financial Activities when it is incurred.

## 10. Investments

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Cash held by investment managers	257	208
UK Investments (Market Value) held by Investment managers	4,337	2,666
<b>Total UK holdings with investment managers</b>	<b>4,594</b>	<b>2,874</b>
Overseas Investments (Market Value) held by investment managers	2,620	3,407
Other Investments	1,078	1,464
<b>Total (Market Value) held by investment managers</b>	<b>8,292</b>	<b>7,745</b>
Endowment Cash balances held by the Library	787	807
<b>Total Endowment Funds holdings</b>	<b>9,079</b>	<b>8,553</b>
Listed investments - at cost	6,508	7,210

The change in the market value of investments can be analysed as follows:

	<b>£000</b>
<b>Opening Value of Investments at 1 April 2022</b>	<b>8,292</b>
Charges & Income Withdrawn	(207)
Income Received	164
Capital Investment	-
Capital Appreciation/(Depreciation)	(504)
<b>Closing Value at 31 March 2023</b>	<b>7,745</b>

All funds, excluding smaller charitable donations, are treated as endowment funds, in that the capital is preserved, in accordance with Board policy and where applicable, the conditions

associated with the original gift or bequest. The income arising from the funds is applied in accordance with the wishes of the donors, primarily for making appropriate additions to the collections of Books and Manuscripts. There are also two Trust funds established for the benefit of the Library, to which the Library may apply for financial support for appropriate activities. During the year, the Library received £39,916 (2021/22: £20,004) from these Trust funds.

## 11. Debtors

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	83	90
Other debtors	20	6
Provision for impairment of debtors	(51)	(37)
VAT recoverable	244	360
Prepayments and accrued income	2,837	3,221
<b>Total</b>	<b>3,133</b>	<b>3,640</b>

### **Intra Government balances, included above;**

Balances with other Central Government bodies	286	428
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No bad debts were written off during the year.

## 12. Stocks

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Stock for shop trading activities	34	33

## 13. Cash at Bank and in Hand

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Government Banking Services	2,610	1,362
Other current accounts	256	812
Cash	2	1
<b>Total</b>	<b>2,868</b>	<b>2,175</b>

**14. Creditors - amounts falling due within one year**

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Other creditors	488	485
Taxation and social security	449	512
Accruals and deferred income	195	198
<b>Total</b>	<b>1,132</b>	<b>1,195</b>

**Intra Government balances, included above;**

Balances with other Central Government bodies	566	631
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**15. Provisions**

	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
	<b>Severance</b>	<b>Legal</b>	<b>Total</b>	<b>Severance</b>	<b>Legal</b>	<b>Total</b>
	<b>£000</b>	<b>Costs</b>	<b>£000</b>	<b>£000</b>	<b>Costs</b>	<b>£000</b>
		<b>£000</b>			<b>£000</b>	
At 1 April	-	-	-	29	41	<b>70</b>
Additional Provision	29	41	<b>70</b>	25	-	<b>25</b>
Amounts Charged during period	-	-	-	-	-	-
Unused Amounts reversed	-	-	-	-	(21)	(21)
At 31 March	<b>29</b>	<b>41</b>	<b>70</b>	<b>54</b>	<b>20</b>	<b>74</b>
Provisions falling due within one year	29	41	70	54	20	<b>74</b>
Provisions falling due after one year	-	-	-	-	-	-

## 16. Reserves

	RESTRICTED FUNDS					ENDOWMENT FUNDS	UNRESTRICTED FUNDS	Total	
	Capital Assets Fund	Revaluation Reserve	Donated Assets Reserve	Collection Purchase Reserve	Designated Purpose Fund	Voluntary Income Fund	Endowment - Capital		General Fund
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Balances at 1 April 2022</b>	<b>61,561</b>	<b>41,623</b>	<b>853</b>	<b>451</b>	<b>5,965</b>	<b>179</b>	<b>8,899</b>	<b>859</b>	<b>120,390</b>
<b>Incoming Resources</b>									
Government Funding received	265	-	-	1,000	-	-	-	16,240	17,505
Other Restricted funding received	-	-	-	-	-	-	-	-	-
Donations (including bequests) received	-	-	-	48	-	-	-	1,043	1,091
Dividend, interest income and other	-	-	-	-	-	182	-	890	1,072
<b>Outgoing Resources</b>									
Expenditure	-	-	-	(641)	-	(201)	-	(21,585)	(22,427)
<b>Changes in market value of investments</b>	-	-	-	-	-	-	(506)	-	(506)
<b>Net Income/(Expenditure) from SOFA</b>	<b>265</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>-</b>	<b>(19)</b>	<b>(506)</b>	<b>(3,412)</b>	<b>(3,265)</b>
<b>Transfers Between Funds</b>									
Release in respect of depreciation etc	(1,062)	(1,851)	-	-	-	-	-	2,913	-
Collection items with a value in excess of £5,000	481	-	-	(481)	-	-	-	-	-
Other Transfers	(2)	-	-	1	(236)	100	(100)	237	-
<b>Gains &amp; Losses</b>									
Gain on revaluation	-	5,240	-	-	-	-	-	-	5,240
Donated Assets	-	-	1,983	-	-	-	-	-	1,983
<b>Balance as at 31 March 2023</b>	<b>61,243</b>	<b>45,012</b>	<b>2,836</b>	<b>378</b>	<b>5,729</b>	<b>260</b>	<b>8,293</b>	<b>597</b>	<b>124,348</b>

**17. Net assets held in reserves**

	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>General Funds</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible Assets	69,378	-	-	69,378
Heritage Assets	42,646	-	-	42,646
Investments	-	7,745	-	7,745
Current Assets	3,174	808	1,866	5,848
Current Liabilities	-	-	(1,269)	(1,269)
<b>Total</b>	<b>115,198</b>	<b>8,553</b>	<b>597</b>	<b>124,348</b>

**18. National Library Of Scotland Foundation**

The National Library of Scotland Foundation (NLSF) was established in 2013 with the objective 'to advance the charitable purposes of National Library of Scotland to include the advancement of arts, heritage and culture and the advancement of education by making grants and providing financial support for projects and activities being carried out and supported by the National Library of Scotland.' The Foundation is an independent company limited by guarantee (SC442292) and a registered charity (SC043799).

At the end of the 2022/23 financial year Alan Horn was a Board Member of the National Library of Scotland and a Trustee of the National Library of Scotland Foundation.

The Library makes periodic applications to NLSF for financial support for defined activities. Such applications are considered on their merits by the Trustees of NLSF.



## 19. Lease Commitments

As at 31st March the Library has the following commitments under non-cancellable operating leases:

	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
	<b>Land and</b>	<b>Other</b>	<b>Total</b>	<b>Land and</b>	<b>Other</b>	<b>Total</b>
	<b>Buildings</b>			<b>Buildings</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire within one year	128	30	158	128	22	150
In the second to fifth year inclusive	513	1	514	513	21	534
In over five years	2,009	-	2,009	1,881	-	1,881
<b>Total</b>	<b>2,650</b>	<b>52</b>	<b>2,681</b>	<b>2,522</b>	<b>43</b>	<b>2,565</b>

Land and Buildings lease figures largely comprise the payments made during 2016/17 and 2017/18 for a 30 year lease on the Kelvin Hall building.

## 20. Related Party Transactions

The Library is a Non-Departmental Public Body sponsored by the Scottish Government, which is regarded as a related party. During the year the National Library has had various material transactions with the Scottish Government, in the form of receipt of Grant In Aid which totalled £17.505 million in 2022/23 (2021/22: £17.057 million).

During the year, none of the Board Members, members of key management staff or other related parties has undertaken any direct material transactions with the Library.

The Library has had a number of material transactions with other government departments, central government bodies, local government, non-departmental public bodies and similar organisations. These included Her Majesty's Revenue & Customs (HMRC) and the Cabinet Office.

## 21. Financial Instruments

National Library of Scotland holds no investments in other public sector bodies. The Library does hold an investment in the Agency for the Legal Deposit Libraries (ALDL) which is a non-public sector body. The Library has not entered into any quantifiable guarantees, indemnities or provided letters of comfort.

## 22. Associate Company

Along with four other Legal Deposit Libraries (National Library of Wales, the Bodleian Library, Cambridge University Library and the Library of Trinity College, Dublin), the National Library of Scotland is a member of the Agency for the Legal Deposit Libraries (ALDL). The company is a Scottish charity limited by guarantee and does not have share capital. The role of the ALDL is to provide a single point of claim and deposit on behalf of the Legal Deposit Libraries.

The ALDL is considered an associate company of the National Library of Scotland. The National Librarian of the Library holds an ex-officio role as one of the five directors of the ALDL.

The ALDL is incorporated in Scotland. Its principal place of business is 21 Marnin Way, Edinburgh EH12 9GD. Financial statements for the ALDL are available from that address.

As the Library has not prepared consolidated financial statements, the following disclosure shows the effects of including them. The Library holds a stake of 20% in the ALDL. Insofar as the ALDL holds no share capital, it is controlled by the five Legal Deposit Libraries. The share of the Library in the net assets and results of ALDL is 20% of the company and is summarised below.

	<b>2022</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Net Assets at 31 March	80	58
Turnover	115	119
Surplus/(Deficit) for the year	(14)	(22)

### 23 Post Balance Sheet Events

There were no material post balance sheet events prior to the issue of the financial statements.

### 24 Financial Review

The table below shows the outturn for the year against the Scottish Government grant in aid offer letter. Non-cash items are not paid out by the Scottish Government but the grant in aid offer letter provides resource budget cover for these items.

	<b>2023 Offer Letter £000</b>	<b>2023 Outturn £000</b>
<b>Cash Items</b>		
Running Costs	15,655	15,980
Purchases	1,000	1,031
Capital – Various	850	792
<b>Total Cash</b>	<b>17,505</b>	<b>17,803</b>
<b>Non Cash Items (notional)</b>		
Depreciation	3,600	3,659
	<b>21,105</b>	<b>21,462</b>

## Appendix - National Library of Scotland Accounts Direction



### NATIONAL LIBRARY OF SCOTLAND

#### DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 12 of the Schedule to the National Library of Scotland Act 2012, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2014, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 31 March 2006 is hereby revoked.



Signed by the authority of the Scottish Ministers

Dated 19 November 2013