



**NATIONAL LIBRARY OF SCOTLAND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2016**

Contents	Page Number
National Librarian and Chief Executive's Introduction to the Annual Report	2-3
Annual Report of the Board	4-16
Governance Statement	17-19
Independent auditor's report to the members of the National Library of Scotland, the Auditor General for Scotland and the Scottish Parliament	20-21
Statement of Financial Activities for the year ended 31st March 2016	22
Balance Sheet at 31st March 2016	23
Statement of Cash Flows for the year ended 31st March 2016	24
Notes to the Financial Statements for the year ended 31st March 2016	25-44
Appendix - National Library of Scotland Accounts Direction	45

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

National Librarian and Chief Executive's Introduction to the Annual Report

A theatre set, football programmes, a Gaelic guide to text messaging, political posters, linoleum samples, Dandy and Beano comics, home movies, knitting patterns, selected websites and railway timetables are just some of the more unusual items to be found in the National Library of Scotland. All help to capture life in Scotland both now and in the past.

They are part of the 25 million items we hold in our collections which grow at a rate of around 800 new items every day. They include every imaginable topic from the 6th century to the digital age and represent nothing less than the collected memory of the nation. Included among them are many rare and original items. They help people in Scotland understand where we have come from and can be a guide towards where we aim to be.

Our job is to preserve this precious collection and share it as widely as possible. In the digital age, that means we have to do more to ensure that information about the collections and our services is made available online.

That was one of the main driving forces behind the Library's five-year strategy which was published during the year. It commits us to having a third of our collection in digital format by 2025 which will mean that people anywhere with an internet connection can access much more of what we have to offer.

This will be challenging to achieve and will involve digitising over one million pages of content annually over the next few years as we embark on a library-wide digital production programme. It is, however, something, we have to do. The internet has created a revolution in how people expect to be able to access information. We would be failing in our duty if we did not make access to our collections as easy as it can be. Achieving this target will make us one of the top digital libraries in Europe.

Many national libraries are already developing as digital destinations, moving on from the more traditional role of providing a physical space to consult collection material. We have been building an online presence for a number of years and already offer educational resources to students through our Learning Zone, in addition to many other riches including family history resources, thousands of online maps and historic films, and dedicated information on Scotland's greatest writers and scientists. That is attracting a global audience and has resulted in a steady increase in the number of people searching for information on our website. During the year this rose to a record of 3.45 million web sessions.

At the same time as we develop online services, we are improving what is on offer inside our buildings. This includes giving a higher priority to supporting research, and delivering events and exhibitions that educate, entertain and inspire people of all ages and backgrounds.

A major development in 2015/16 has been the work to prepare for the opening of our new library at the Kelvin Hall in Glasgow in September 2016. This will, for the first time, bring easy access to our collections to people in Scotland's largest city. It will provide a home for the Library's Moving Image Archive which offers 100 years of film history as well as allowing visitors to discover the extensive digital resources that are held within the collections. They will be able to view in detail digital images of historic items such as the Order for the Massacre of Glencoe and Mary Queen of Scots' last letter, in addition to historic maps, manuscripts by writers including Robert Burns, Sir Walter Scott and Muriel Spark and much more.


The collections are at the heart of everything we do and we add to them every day. We were particularly pleased this year to acquire an early 14th century Breviary, from Sweetheart Abbey near Dumfries which represented the Library's most important medieval manuscript acquisition for 30 years. It has returned to Scotland after a gap of several hundred years and had been feared lost before it turned up for sale at an auction in Vienna. It is an extremely rare surviving

example of a medieval liturgical manuscript for a Scottish monastic community and a wonderful addition to the collection.

As well as collecting material, we encourage, promote and facilitate its use. To that end, we were pleased this year to welcome two prominent Scottish writers to creative residencies at the Library. Hamish MacDonald took up a two year residency as the country's first Scots Scribe, a role which involves promoting the use of the Scots language. He is also using the collection to produce original, creative work in Scots. Later in the year, Angus Peter Campbell was appointed to the Dr Gavin Wallace Fellowship to explore the recorded memory of Scotland through the Library's collections. We are very grateful for the support from Creative Scotland for both posts.

The vast majority of our funding comes from the public through their taxes and it is our responsibility to ensure that this money is spent wisely. We are continually looking to develop more efficient and effective processes and systems. The support from the Scottish Government for repairs and improvements to our major buildings and for the move to Kelvin Hall has been especially important. We are also indebted to the many individuals, trusts, foundations and sponsors whose generous support is vital in funding a wide range of developments.

We are moving forward. More people are attending our exhibitions and events and visiting us online. Use of our reading rooms continues to be high. We are growing our social media presence through Twitter and Facebook. Our intake of material both in print and digital is at record levels. We are engaging with more people in more parts of Scotland and further afield. None of this would be possible without the skill and dedication of all the staff of the National Library of Scotland, the guidance, advice and contribution of our Board members and the commitment of all our supporters both at home and overseas. To each and every one of them, a very heartfelt thanks. Our journey may be just beginning but we have the destination clearly in sight.


.....
Dr John Scally
National Librarian and Chief Executive

Date: .....

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 25 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 National Heritage (Scotland) Act 1985 made the Library a Non-Departmental Public Body (NDPB), grant-aided by the Scottish Government.

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 five UK Legal Deposit Libraries. 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, Corporate Plan and Annual Budget.

3. The Board

With effect from 1st March 2015, there were fourteen Board Members, all appointed by Scottish Ministers, under the provisions of the National Library of Scotland Act 2012.

Board appointments are made by Scottish Ministers after advertising vacancies. The names of the Board Members who served between 1st April 2015 and the date of signing the financial statements are as follows.

Chair

James Boyle

Members

Noreen Adams	3
Helen Durndell	
Dianne Haley	1
Shields Henderson	1
Jonathan Lake (to 14/12/2015)	
Simon Learoyd	1
Iain Marley	
Neil McIntosh	2
Fiona Robertson	3
Adrienne Scullion	2
Amina Shah	
Melissa Terras	2
Carmel Teusner	2

Committee Membership

- 1 Member of Audit Committee during the year
- 2 Member of the Staffing and Remuneration Committee during the year
- 3 Member of the Governance Committee during the year

Paul Dollman has been co-opted as a member of the Audit Committee. Moira Methven has been co-opted as a member of the Staffing and Remuneration Committee. Graham Caie has been co-opted as an ongoing member of the Governance Committee.

The Library maintains a Board Members' Register of Interests, which complies with the requirements of the Ethical Standards in Public Life (Scotland) Act 2002 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, Code of Conduct, Rules on Declaration of Interest and the Corporate Plan and are invited to tour the Library. A full induction and training programme for Board Members has been prepared 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 Libraries buildings and facilities.

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

The Audit Committee and the Staffing and Remuneration Committees 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, principally associated with the implementation of the National Library of Scotland Act 2012.

Responsibility for delivering the Strategy and Operational objectives is devolved, under a Board approved Scheme of Delegation, to the National Librarian and Chief Executive, supported by the Library Leadership Team.

Dr John Scally	National Librarian & Chief Executive
Duncan Campbell	Deputy Chief Executive (secondment from 01/08/2015)
Dr Daryl Mead	Deputy National Librarian (to 03/07/2015)
Alex Miller	Head of External Relations & Governance
Robin Smith	Head of Collections & Research
John Coll	Head of Access
Graeme Forbes	Head of Collections Management
Murat Guven	Head of Digital
Anthony Gillespie	Head of Finance & Planning

4. 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.

During the year, the National Library of Scotland's agreed a new strategy 'The Way Forward' for the period 2015-2020. The strategy can be found on the [Library's website](#). The vision is to be recognised as one of the leading national libraries in Europe and the strategy outlines six priorities for the period. These are:

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

Improving access - We will make it easier to access our collections. By 2025 – the centenary of the Library's foundation – we will complete a full listing of the Library's holdings and have a third in digital format.

Promoting research - We will encourage and promote research as a defining characteristic of the Library.

Supporting learning - We will ensure our collections and services make an important contribution to the education, learning and advancement of our citizens and the success of our nation.

Inspiring engagement - We will design and deliver public engagement programmes that will educate, entertain and inspire the communities of Scotland.

Reaching out - We will develop the National Library of Scotland as an exciting and memorable destination for both onsite and online visitors.

At the start of the year the Library Board agreed the specific objectives, linked to the Strategy, which would be pursued over 2015/16.

5. Achievements in the Year

Some of the key achievements in the year were as follows;

- Added 195,000 published items to the physical collections through legal deposit, purchases and donations
- Added almost 800,000 books and journal articles through electronic legal deposit. Over 5.5% of the Library's collections are now available digitally compared to 2.6% at the start of the year.
- Made a major acquisition in securing the Sweetheart Breviary – an extremely rare example of a Scottish medieval religious manuscript.
- Completed the purchase of the final part of the archive of the Scots-born and internationally famous writer Muriel Spark. Her archive is one of the most comprehensive records of a writer's life ever assembled.
- Increased traffic to the Library's website to over 3.45 million visits – an increase of 18% on the previous year.
- Created 860,000 digital images – an increase of 57% over the previous year and higher than in any other previous year.
- Welcomed over 118,000 visitors to the Library's exhibitions – an increase of 16% on the previous year.
- Continued building work on new facilities at the Kelvin Hall in Glasgow, due to open in September 2016. This work shall deliver substantially enhanced public access facilities for on-site consultation of the Moving Image Archive collections and other selected Library digital resources.
- Continued with the major renovation of Library's main book store at the Causewayside building in Edinburgh.
- Staged two major exhibitions 'Lifting the Lid': 400 years of food & drink in Scotland and 'Plague': a cultural history of contagious diseases in Scotland.
- For the first time, took part in a national People Survey to measure levels of engagement among our staff. Survey results showed some clear strengths. Overall engagement levels put the Library in the top quartile of all participating organisations. There were also a number of defined areas for improvement.
- Undertook a re-organisation of the Library's staffing structure to ensure that it was better aligned with the new strategy.
- Successfully lobbied the Scottish Government for an increase in the Collection Purchase Fund budget for 2016/17. This increased from £500k to £1 million securing access to key electronic resources and helping to ensure the integrity of the national collections.
- Introduced self-service photography within the Library's reading rooms.

6. Key Indicators - Performance in the year

The Library also monitors a number of key indicators and uses these to help assess the achievement of its objectives. Targets were set for eleven indicators and nine of these were achieved. When compared to 2014/15, performance improved or remained broadly the same in ten out of eleven categories.

KEY INDICATORS 2015/2016						
Indicator No	Indicator	Target for 2015/16 (Where Applicable)	Result for 2015/16	Target met for 2015/16?	Equivalent for 2014/15	Performance compared to 2014/15
1.1	Additions to physical collections	N/A	194,799	N/A	209,366	In line with increase in e-legal deposit
1.2	Environmental Compliance	95%	99.4%	✓	99.1%	↑
2.2	Percentage of collections available in a digital format	N/A	5.50%	N/A	2.60%	↑
3.1	Research income generated as a percentage of Grant in Aid	0.80%	0.80%	✓	N/A	N/A
3.2	Number of research collaborations.	6	13	✓	N/A	N/A
4.1	Number of school workshops/educational events.	80	119	✓	89	↑
5.1	Exhibition Visitors	99,451	118,251	✓	101,796	↑
5.2	Number of public engagement/event attendees	70 events/5000 attendees	120 events, 6,623 attendees	✓	104 events, 6,320 attendees	↑
6.1	Website Usage (Web sessions)	2,300,000	3,452,649	✓	2,916,333	↑
6.2	Reading Room Visits	N/A	63,291	N/A	63,989	↔
7.1	Staff Absence Rate (Days per Employee)	8	8.30	✗	8.60	↑
7.2	Percentage raised against Fundraising target	100%	87%	✗	N/A	↑
7.3	Central Support costs as a percentage of income	6%	3.60%	✓	6.60%	↑
7.4	Media Profile (Advertising Value Equivalent)	£2,000,000	£2,179,234	✓	£3,300,000	↓

7. Financial Review

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

The main headline for the 2015/16 financial year is that the Library has ended the year with a small surplus of £105k. Within the financial statements, the place where this is best shown is at the bottom section of the Statement of Financial Activities on Page 22 and the Reserves Note at Page 40. Both these show the balance on the Library's Unrestricted General Fund reserve increasing from £300k to £405k over the year. A helpful way to view reserves is to see them as the funds the organisation will use to cover any additional expenditure in the event of reduced income or changes in circumstances. The fact that the Library's General Reserves have increased during 2015/16 must therefore be viewed as positive.

Work has also continued on the project to re-develop the Kelvin Hall in Glasgow. When delivered in September 2016 it will give the Library its first base in Scotland's largest centre of population. The major refurbishment of the Library's Causewayside building in Edinburgh also continued during the year. This scheme is vital to allow the Library to house the Collection in the best conditions possible and safeguard it for future generations. The Kelvin Hall, Causewayside work and ongoing repair and maintenance was supported by specific funding totalling £5.1 million from the Scottish Government. The Library underspent this funding by £67k during the year and this amount has been placed in the specific reserve held for this purpose

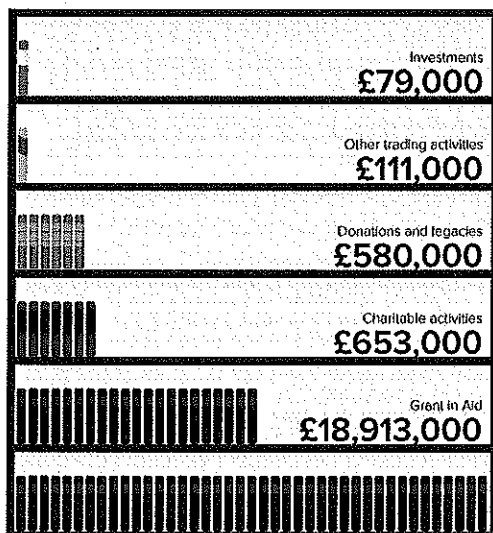
Gross spending on adding to the Collections during the year totalled £769k during the year. Over 65% of this spend (£500k) was provided by the Scottish Government. At the same time, the Library has been successful in attracting additional money through fundraising. The Sweetheart Breviary was purchased with the support of some of the Library's benefactors and the final tranche of the archive of the prominent Scots-born writer Muriel Spark was purchased using raised funds. As part of the 2015/16 budget, the Library agreed to support the Collection Purchase Fund with a transfer from reserves.

Total income in the year was £20.336 million. The majority of this comes from the Scottish Government - though we continue to develop other initiatives to diversify the sources of our income. The amount raised through fundraising continues to grow year on year and the reprography service outperformed our initial expectations.

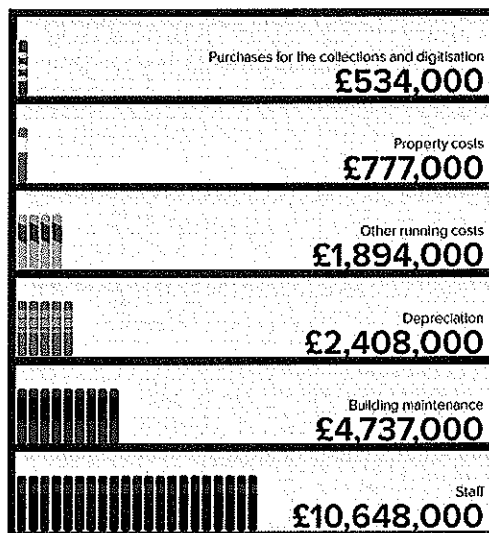
Investment income fell in the year but this was as a result of a deliberate choice by the Library to re-invest dividends rather than draw it down as income during the year.

Total expenditure in the year was £20.998 million with most of this split between Collection Development and User Access. Staffing continues to be the Library's biggest costs – though there was significant spend on building maintenance (£4.7 million).

Annual income of the National Library of Scotland 2015/16



Annual spending of the National Library of Scotland 2015/16



The difference between income and expenditure for the year of £662k is the figure after depreciation is charged on all the Library's assets – including its buildings. At the end of the year some of the Library's reserves are released to allow for this. These credits convert the deficit of £662k to the surplus of £105k noted above.

Balancing the budget is always a challenge as the Library seeks to improve what it does and to expand into new areas. During the year it made efficiency savings of just over £470k to help fund its ongoing work. Going forward, the Library approved a budget on 21st March 2016 for the 2016/17 financial year which continues with plans for further savings and income generation.

Although it faces challenges the Library is well placed to manage operational and financial risks successfully.

8. 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 NDPB, the need to match potentially variable income streams with fixed commitments and the nature of the reserves.

At the end of the 2015/16 financial year the Library's reserves were as follows;

**Library
Reserves at
31/03/2016**

£000

Restricted Reserves

Endowment - Capital	6,485
Capital Assets Fund	62,195
Revaluation Reserve	30,608
Collection Purchase	-
Designated Purchase	1,129
Voluntary Income	258

Unrestricted Reserve

General Fund	405
--------------	-----

Total	101,080
--------------	----------------

The Library holds reserves for a number of reasons. Those relating to Capital Assets and Revaluation are held solely for accounting purposes and 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. This reserve has been utilised over the past three years to support the purchase of items for the Library's collections. Any future increases in this reserve will be accomplished by transferring any available funds from General Fund.

The balance on the Designated Purpose reserve represents the balance of the grant received for the purchase of, or for additions to the Library's Tangible Assets, where it has not been possible to spend the grant within the same financial 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 Non Departmental Public Body (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 gaps between spending and the receiving of payment from funders and to cover contingencies and potential events which may disrupt normal operational activities.

The Audit Committee has agreed that the minimum level of unrestricted reserves which should be held by the Library is £200k – representing approximately 25% or 3 months cover for the Library's annual Charitable and Trading Income. The current level of unrestricted

reserves is £405k which is considered satisfactory considering the Library's status as a Non Departmental Public Body (NDPB).

9. 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 Heads of Department 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 2015/16 year the Strategic Risk Register continued to be refined and updated. The current Strategic Risk Register identifies eight strategic risks and the actions required to mitigate these. The key risks identified are;

Strategic Risk 1 (S1) – Significant loss or damage to the Collections;
Strategic Risk 2 (S2) – Loss or interruption in service
Strategic Risk 3 (S3) – Failure to comply with legal and/or statutory requirements
Strategic Risk 4 (S4) – Loss/Reduction in financial resources
Strategic Risk 5 (S5) – Failure to effectively manage staffing resource
Strategic Risk 6 (S6) – Capital projects are not delivered effectively
Strategic Risk 7 (S7) – Loss/Damage to external partnerships
Strategic Risk 8 (S8) – Duty of Care

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.

10. Investments

The Trustees Act 2000 governs the Board Members' investment powers. The Board Members have agreed the Library's investment policy and receive a report on performance of the portfolio on an annual basis. The Library has agreed a balanced approach to risk in terms of investment return and growth. It has also instructed the investment advisers not to knowingly invest in anything that will bring the Library into disrepute.

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.

Over the year the total value of investments fell from £6.156 million to £6.030 million. Across the whole portfolio, returns were in line with benchmarks for the year.

11. Our People

The Library is dependent on the drive, creativity and expertise of its staff to achieve its aims and objectives. It places great emphasis on employee consultation and engagement.

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.

Although its 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 short 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.

In October 2015 the Library, for the first time, took part in the national Civil Service People Survey to measure levels of engagement. Survey results showed some clear strengths (overall engagement levels put the Library in the top quartile of all participating organisations) as well as a few well defined areas for improvement. An action plan has been developed, approved and is now being acted upon. Actions flowing from the survey results will continue throughout the year. The survey will run again in October 2016.

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 4 times a year. The Whitley meetings are chaired by the National Librarian and Chief Executive (NLCE). 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.

For direct communication and consultation with staff, the Library organises all-staff meetings and ensures that all units and divisions hold regular staff meetings. There is a cascade system for decisions from senior leadership and management groups as well as a staff circular system and the intranet is also heavily used for both formal and informal communication. There are also well-maintained and current notice boards in all buildings.

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. Average sickness absence for 2015/16 was 8.3 days (2014/15: 8.6 days) which was an improvement on the previous year but above the target of 8 days set by the Library.

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. Employee communications include regular team meetings, quarterly updates from the National Librarian, information circulars and the staff intranet.

The Library has also launched a review of information and communication across the Library.

12. 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 24 days to settle invoices (2015: 27 days). The Library recognises, supports and is working towards the Scottish Government target of paying suppliers within ten days. During the year 40% of invoices were paid within ten working days (2015: 35%)

13. Environmental matters

The Library is aiming to reduce its CO2 emissions from its operations by 42% by 2020. The Library is on target to meet this commitment. By the end of 2015/16 it has achieved a reduction in CO2 emissions of 47% compared to its baseline year. A new target of a 50% reduction has now been set for 2020.

The Library now uses 3.5MwH less energy, consumes 3,824 cubic metres less water, recycles 78% of its waste and travels 662,000 fewer miles than it did four years ago. The NLS Public Sector Sustainability Report 2015/16 which is available on the [Library's web-site](#) provides comprehensive data relating to the Library's sustainability activity.

14. Policy in relation to equalities

On 6th April 2011 the Library became subject to the Equality Act 2010. The general duty of this Act placed a responsibility on organisations, in the exercise of their functions, to have due regard to the need to;

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

In Scotland, the additional responsibilities under the Public Sector Equality Duty (PSED) were announced and implemented in 2013. The Library maintains, develops and monitors equality objectives. The Library also conducts equality impact assessments as required, and publishes this information on the Library website and offers training and awareness events in this area. The Library continues to build understanding and awareness on equalities through involvement with the NDBPs Equalities Forums.

15. Plans for the Future

Over the coming year the Library will continue to focus on implementing its new strategy. It will continue to develop as a digital destination but at the same time will continue to improve what is on offer inside our buildings. A major development in 2016/17 will be the work to prepare for the opening of our new facility at the Kelvin Hall in Glasgow in September 2016.

16. Appointment of Auditors

The financial statements of the Library are audited by independent auditors appointed by the Auditor General for Scotland. PricewaterhouseCoopers LLP, Atria 1, 144 Morrison Street, Edinburgh, EH3 8EX were appointed from 1st April 2011.

The agreed fee for audit services was £21,460 (2014: £20,259) 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 Henderson Loggie, 34 Melville Street, Edinburgh.

17. Statement of Board Members' responsibilities

The Board Members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in Scotland requires the Board Members to prepare financial statements for each financial year. Under that law the Board Members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law 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 these financial statements, the Board Members are required to:

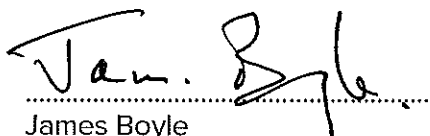
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent
- State that applicable UK Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provision of the charity's constitution. 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.

18. Other Professional Advisers and Bankers

Investment Advisers	Brewin Dolphin	Sixth Floor Atria 1, 144 Morrison Street, Edinburgh
	Brown Shipley	2 Multrees Walk Edinburgh
Legal Advisers	Dundas and Wilson	Saltire Court, 20 Castle Terrace, Edinburgh
	Murray Snell LLP	40 Castle Street, Edinburgh
	Pinsent Masons	Quay 2, 139 Fountainbridge, Edinburgh
Bankers	Bank of Scotland	The Mound, Edinburgh
	Royal Bank of Scotland	St Andrew Square, Edinburgh
	Citigroup	Canada Square, London
	National Westminster Bank	135 Bishopsgate London
VAT Advisers	Scott Moncrieff	Exchange Place, 3 Semple Street, Edinburgh



James Boyle
Chair of the National Library of Scotland

Date: 28/9/16

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.

Scope of Responsibility

The National Librarian is the Accountable Officer and, together 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 safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them.

The responsibilities of the Board are outlined in the Framework Document between the Scottish Government and Library.

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. He/she 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. He/she is also responsible for providing the necessary assurances to the Principal Accountable Officer to enable him/her to sign the Statement on Internal Control contained within the Scottish Government consolidated financial statements. He/she 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 their responsibilities the Board has;

- Met seven times over the financial year. At each meeting the Board receives written reports on key operational matters, a finance report, minutes of sub-committee meetings and reports on specific topics as necessary. The Board also meets to consider specific matters such as the development of strategy. The management of the key strategic risks is also regularly considered by the Board:
- Set up and operated a number of sub-committees including those on Governance, Audit and Staffing & Remuneration. The Audit Committee will consider reports from the internal and external auditors;
- Agreed the delegation of authority to the management of the Library.

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; to evaluate the nature and extent of those risks and to 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 2016 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.

During the current year the risk management process within the Library continued to be updated and improved. As examples;

- The Audit Committee has begun to receive reports linked to the Library's specific strategic risks. The November meeting received a report on the progress made with the Collections Audits which is linked to Strategic Risk 1 (Significant Loss or Damage to the Collections) and agreed to continue receiving these reports on an annual basis. The February meeting received a report on any incidents of Theft and Malicious Damage – again linked to Strategic Risk 1 (Significant Loss or Damage to the Collections).
- Amended reporting has been agreed with regard to Project Risks i.e. the risks associated with those major capital projects which the Library is involved in. The Major Projects Update report made to the Capital Programme Board and the Audit Committee now includes the full Project Risk Register for the Kelvin Hall and Causewayside projects as appendices. The body of the report details the 'top five' risks faced for each of the projects.
- Work has been completed on an audit of Security and Disaster Recovery for Collection IT Systems with the results reported to the February Audit Committee meeting. As part of the Action Plan some adjustments have been made to risk registers and further work will be undertaken on the Business Continuity Plan.

During the year, internal audit services to the Library were provided by Henderson Loggie (HL). All audits conducted are fully compliant with the required Public Sector Internal Audit Standard (PSIAS).

The internal audit activity in 2015/16 focussed on the following areas:

Area Covered	Assessment
Fundraising Activities & Charitable Donations	Satisfactory
Collections – Environmental Controls	Satisfactory
Key Financial Controls	Good
Collections – Physical Security	Satisfactory
Security & Disaster Recovery for Collection IT systems	Requires Improvement
Previous Audit Recommendations Follow Up	Not Applicable

As a result of this and other assurance work, the internal auditors have concluded, within the Annual Audit Report and Opinion, that during the year, the Library operated an adequate internal control framework. In addition the internal audit carried out, did not identify any fraud, alleged fraud or suspected fraud affecting the Library in the year to 31st March 2016.

The Library Leadership Team reviews internal control and manages risk as part of its routine business. Heads of Department 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 acceptable levels, Heads of Department are required to identify additional actions to mitigate those increased risks.

Heads of Department also have delegated responsibility for the operation of financial and operational controls within their area. On an annual basis they complete a Certificate of Assurance for their Accountable Officer confirming that the controls are reviewed and that they are effectively applied. All Certificates of Assurance were completed and returned for 2015/16. No significant breaches in control were highlighted.

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:

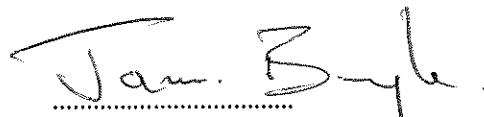
- The Heads of Department within the organisation who have responsibility for the development and maintenance of the internal control framework;
- The work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Annual Audit Report and Opinion which 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.


.....
Dr John Scally
National Librarian and Accountable Officer

Date: 26/9/16


.....
James Boyle
Chair of the National Library of Scotland

Date: 26/9/16

Independent auditor's report to the members of National Library of Scotland, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of National Library of Scotland for the year ended 31 March 2016 under paragraph 8(3) of the schedule to the National Library of Scotland Act 1925 as amended by the National Heritage (Scotland) Act 1985 and 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 Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Financial Reporting Standard (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Board and auditor

As explained more fully in the Annual Report of the Board, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with paragraph 8(3) of the schedule to the National Library of Scotland Act 1925 as amended by the National Heritage (Scotland) Act 1985 and the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

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 paragraph 8(3) of the schedule to the National Library of Scotland Act 1925 as amended by the National Heritage (Scotland) Act 1985 and 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 Accounts (Scotland) Regulations 2006.

Opinion on regularity

In our 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.

Opinion on other prescribed matters

In our opinion 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.

Matters on which we are required to report by exception

We are required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

We have nothing to report in respect of these matters.



Martin Pitt, Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Glasgow
26 September 2016

Martin Pitt is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006..

Statement of Financial Activities for the year ended 31st March 2016

	Note(s)	Restricted Funds £000	Endowment Funds £000	Unrestricted Funds £000	2016 Total £000	2015 £000
Income & Endowments from:						
Donations & Legacies	3	182	-	398	580	1,073
Charitable Activities	3	5	-	648	653	769
Other Trading Activities	3,4	-	-	111	111	96
Investments	3	75	-	4	79	210
Other - Grant-in-Aid	2	500	-	18,413	18,913	16,618
Total		762	-	19,574	20,336	18,766
Expenditure on:						
Raising Funds	5	38	-	353	391	505
Collection Development	5	91	-	7,848	7,939	7,694
User Access to Collections	5	-	-	8,695	8,695	7,497
Strategy and Communications	5	-	-	594	594	664
Collection Purchases	5	528	-	-	528	739
Governance	5	-	-	443	443	568
Depreciation	5	-	-	2,408	2,408	2,472
Total	5	657	-	20,341	20,998	20,139
(Losses)/Gains on Investments	10	-	(88)	-	(88)	387
Net Income/(Expenditure)		105	(88)	(767)	(750)	(986)
Transfers between Funds						
Release in respect of depreciation		(1,993)	-	1,993	-	-
Other Transfers		1,121	-	(1,121)	-	-
Other recognised Gains						
Gains on the revaluation of fixed assets	8	1,484	-	-	1,484	22,931
Net movement in Funds		717	(88)	105	734	21,945
Reconciliation of Funds						
Fund balances brought forward at 1 April	16	93,473	6,573	300	100,346	78,401
Fund balances carried forward at 31 March	16	94,190	6,485	405	101,080	100,346

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.

The notes on pages 25 to 44 form part of these financial statements.

Balance Sheet as at 31st March 2016

		2016	2015
		£000	£000
Fixed Assets	Note		
Tangible Assets	8	60,307	60,727
Heritage Assets	9	33,756	33,515
Investments	10	6,030	6,156
Total fixed assets		<u>100,093</u>	<u>100,398</u>
Current Assets			
Stocks	12	16	21
Debtors	11	1,884	909
Cash at bank and in hand	13	1,628	2,158
Total current assets		<u>3,528</u>	<u>3,088</u>
Creditors - amounts falling due within one year	14	<u>(2,432)</u>	<u>(2,925)</u>
Net current assets		<u>1,096</u>	<u>163</u>
Total assets less current liabilities		<u>101,189</u>	<u>100,561</u>
Provisions for Liabilities and Charges	15	<u>(109)</u>	<u>(215)</u>
Net assets		<u>101,080</u>	<u>100,346</u>
The funds of the charity:			
Endowment funds	16	6,485	6,573
Restricted funds			
Capital Assets Fund	16	62,195	62,999
Revaluation Reserve	16	30,608	30,072
Collection Purchase	16	-	15
Designated Purpose	16	1,129	62
Voluntary Income	16	258	325
Unrestricted Funds			
General Fund	16	405	300
Total Charity Funds		<u>101,080</u>	<u>100,346</u>

The Accountable Officer authorised these financial statements for issue on the 26th September 2016



Dr John Scally
National Librarian and Accountable Officer

The notes on pages 25 to 44 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2016

	Note	2016 £000	2015 £000
Operating Activities	17	138	532
Investing Activities	17	(668)	(930)
		(530)	(398)
Financing Activities	17	-	53
Decrease in cash		(530)	(345)

The Statement of Cash Flows for 2015 has been re-presented in line with the requirements of the new SORP.

The notes on pages 25 to 44 form part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2016

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 1 January 2015). On transition to FRS102 no material prior year restatements were required.

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: £1.557 million) is solely available for the general purposes of the Library, the other funds being restricted in use to different degrees.

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 (FRM), the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2015), the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. 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 administered by the Library is held in the name of the Scottish Ministers. The Library occupies these premises under licence. On the direction of the Scottish Ministers, these assets have been valued and are included in the Balance Sheet. 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 60 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 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.

UK grants from government bodies, funds from the EU and other grants are recognised in the Library's accounts when the grantor's terms have been satisfied.

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 2015. 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

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

h. Taxation

The Charity 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.

i. Foreign currency

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

j. 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.

k. 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.

l. 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 also included within the Revaluation Reserve.

Collection Purchase Reserve

Grant in Aid and other conditional grants received specifically for the purchase of Collection items is 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.

Designated Purpose Fund

The Designated Purpose Fund is made up of two elements:

- Grants utilised in the purchase of Tangible Assets other than Land and Buildings are credited to the Designated Purpose Fund, and are recognised as income when the related asset has been acquired.
- Grants received in relation to projects committed to by the Library, where it was not possible to spend the grant within the same financial 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.

m. 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 22)

n. 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;
- The residual value has fallen below that originally estimated;
- The economic life of the asset is lower than originally estimated.

o. Heritage Assets

The Library's collections as at 1st April 2001 are not included in the balance sheet as data is not being available to cover that period. The Board are 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 (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.

p. Financial Instruments

Financial Instruments are disclosed in line with Investment, Cash, Trade Debtors and Trade Creditors policies. The Library has exposure to market risk, and this is managed through portfolio diversification as well as setting the risk appetite and investment objectives to be used by Fund Managers.

2. OTHER GRANT-IN-AID

	2016	2015
	£000	£000
Grant-in-Aid Received		
Running Costs	13,313	13,243
Capital	5,100	2,875
	<u>18,413</u>	<u>16,118</u>
Purchase Grant	500	500
Total Received during year	<u>18,913</u>	<u>16,618</u>

3. ANALYSIS OF INCOME

Analysis of Income	Restricted	Unrestricted	2016	2015
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Donations & Legacies				
General Grants	35	199	234	987
Donations	147	199	346	86
	<u>182</u>	<u>398</u>	<u>580</u>	<u>1,073</u>
Charitable Activities				
Property rental	-	81	81	83
Agency services	-	91	91	83
Reprography	-	121	121	113
Sundry income	5	355	360	490
	<u>5</u>	<u>648</u>	<u>653</u>	<u>769</u>
Other Trading Activities				
Shelving	-	35	35	26
Café and Shop Income	-	76	76	70
	<u>-</u>	<u>111</u>	<u>111</u>	<u>96</u>
Investments				
Investment Income	75	4	79	210
Other - Grant In Aid				
Grant In Aid	500	18,413	18,913	16,618
Total Income & Endowments	<u>762</u>	<u>19,574</u>	<u>20,336</u>	<u>18,766</u>

Sundry Income includes Royalties, Secondment Income and Permission Fees

4. OTHER TRADING ACTIVITIES

	2016	2015
	£000	£000
Income		
Shelving Rental	35	26
Café and Shop Income	76	70
Total Income	111	96
Less: Costs		
Cost of sales	(60)	(51)
Direct wages	(40)	(34)
Administration	(11)	(9)
Total Costs	(111)	(94)
Surplus for the year:	-	2

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.

Analysis of Expenditure	Direct Costs £000	Support Costs £000	2016 Total £000	2015 Total £000
Raising Funds				
Raising Donations & Legacies	227	15	242	375
Expenditure on Other Trading Activities	50	61	111	94
Investment Management costs	38	-	38	36
	315	76	391	505
Charitable Activities				
Collection Development	4,568	3,371	7,939	7,694
User Access to Collections	3,518	5,177	8,695	7,497
Strategy and Communications	376	218	594	664
Collection Purchases	528	-	528	739
Governance	281	162	443	568
Depreciation	-	2,408	2,408	2,472
Total Resources Expended	9,271	11,336	20,607	19,634
Total Expenditure	9,586	11,412	20,998	20,139

6. EMPLOYEES

Staff costs during the year were:

	2016	2015
	£000	£000
Wages and salaries	8,283	8,369
Social Security costs	552	592
Pension costs	1,654	1,514
Agency staff costs	80	79
Early Retirement and severance costs	79	69
Total	10,648	10,623
Accounted for within:		
Unrestricted Funds	10,569	10,528
Restricted Funds	79	95
Total	10,648	10,623

The average number of full-time employees during the year was as follows;

	2016	2015
	Number	Number
Access	59	56
Collections & Interpretation	63	67
Communications & Enterprise	8	8
Corporate Services	21	23
Ingest	50	48
Resources	90	89
Total	291	291

Employees whose emoluments exceeded £60,000

	2016	2015
	Number	Number
£60,000 to £69,999	1	2
£70,000 to £79,999	-	2
£80,000 to £89,999	-	-
£90,000 to £99,999	1	1
Total	2	5

The total amount paid to the key management personnel amounted to £441,332.

No benefits in kind were provided by the employer (2014/15: £Nil). Performance bonuses and overtime are not paid to senior management.

Reporting of Exit Packages

There were no compulsory redundancies during the year. Redundancy and other departure costs have been 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.

	2016		2015	
	Total Exit Packages (Number)	Total Exit Packages (Value) £000	Total Exit Packages (Number)	Total Exit Packages (Value) £000
Exit Package Cost				
Less than £10,000	-	-	-	-
Between £10,000 - £24,999	1	15	-	-
Between £25,000 - £49,999	-	-	1	42
Between £50,000 - £99,999	1	62	-	-
Between £100,000 - £150,000	-	-	-	-
Total	2	77	1	42

Pay Multiples

Public sector reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The remuneration of the Library's highest paid director in 2015/16 was £93,930 (2014/15: £93,000). This was 4.01 times (2014/15: 4.02 times) the median remuneration of the workforce which was £23,395 (2014/15: £23,163).

In 2015/16 no employees received remuneration in excess of the highest paid director (2014/15: none). Remuneration during the year ranged from £16,050 to £75,750 (2014/15: £15,650 to £75,750).

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. The scheme actuary valued the scheme as at 31st March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation;

<http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For 2015/16 employers' contributions of £1.642 million were payable to the PCSPS (2014/15: £1.562 million) at one of the four rates in the range 20.0% to 24.5% of pensionable earnings based on salary bands. 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 2015/16 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 £17,497 (2014/15 - £17,053) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer

contributions are age-related and range from 3% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £707, 0.8% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,739 (2014/15 - £1,557). Contributions prepaid at that date were Nil (2014/15 - £Nil).

7. OTHER OPERATING CHARGES

	2016	2015
	£000	£000
General		
Administration expenses	468	262
Operating lease rentals (see note below)	32	33
Travel, subsistence and hospitality	144	208
Office equipment and supplies	202	205
Purchases for the Collections	400	687
Digitisation of the Collections/Web Development	134	88
Exhibitions	196	194
Copyright Agency	164	153
Computer Services	503	508
Record purchase	21	21
Audit fees (see note below)	44	38
Conservation and Preservation	64	65
Consultancy	56	84
Depreciation	2,408	2,472
Sub-total	4,836	5,018
Buildings		
Utilities	393	424
Rent, rates and service charges	261	272
Lease of Land and Buildings	97	94
Buildings maintenance	4,737	3,681
Furniture	7	11
Transport	19	16
Sub-total	5,514	4,498
Total	10,350	9,516

Operating lease rentals are paid in respect of rental of buildings and general office equipment. Included in Audit Fees is £21,701 in relation to External Audit services for 2015/16 provided by PricewaterhouseCoopers LLP (2014/15: £20,259).

Board Members receive no remuneration but are reimbursed for travel expenses and any childcare expenses. Travel and subsistence expenses amounting to £3,630 (2014/15: £3,203) were paid to Board Members in respect of attendance at meetings. Seven Board Members received reimbursement for expenses (2014/15: Ten). Board Members do not receive any benefits in kind.

8. TANGIBLE ASSETS

Land and buildings include £2.725 million (2014/15: £2.725 million) in respect of land which is not depreciated.

	Land and Buildings	Motor vehicles	Equipment and Machinery	Computer equipment	2016 Total
COST OR VALUATION	£000	£000	£000	£000	£000
Balance at 1 April 2015	69,276	76	1,756	1,215	72,323
Additions	-	13	251	238	502
Write down of assets recognised in the Revaluation Reserve	-	-	-	-	-
Revaluation / Indexation Adjustment	1,738	-	-	-	1,738
Balance at 31 March 2016	71,014	89	2,007	1,453	74,563
ACCUMULATED DEPRECIATION & IMPAIRMENT					
Balance at 1 April 2015	9,720	66	981	828	11,595
Charge for the year	1,993	6	243	165	2,407
Write down of assets recognised in the SOFA	-	-	-	-	-
Revaluation / Indexation Adjustment	254	-	-	-	254
Balance at 31 March 2016	11,967	72	1,224	993	14,256
NET BOOK VALUE					
At 31 March 2016	59,047	17	783	461	60,308
At 31 March 2015	59,556	10	775	387	60,728

At 31st March 2015 all Land and Buildings were revalued by Hardies, 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 Cost 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;

	2016	2015
	£000	£000
Balance of capitalised items at 1 April	33,515	32,700
Other additions in year of individual items with a value exceeding £5,000	241	815
Balance at 31 March	33,756	33,515

The Integrated Collecting Strategy reflects the direction of the Library "The National Library of Scotland will enrich lives and communities, encouraging and promoting lifelong learning, research and scholarship, and universal access to information by comprehensively collecting and making available the recorded knowledge of Scotland, and promoting access to the ideas and cultures of the world."

The Library's Integrated Collecting Strategy is available on the website www.nls.uk. This Strategy document sets out policy on acquisition, disposal, preservation and management. 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 are 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. The Library does not value donations, as this is considered to be impracticable.

Expenditure on Preservation and Conservation is recognised within the Statement of Financial Activities when it is incurred.

10. INVESTMENTS

	2016	2015
	£000	£000
Cash held by investment managers	90	60
UK Investments (Market Value) held by Investment managers	2,425	3,059
Total UK holdings with investment managers	2,515	3,120
Overseas Investments (Market Value) held by investment managers	2,131	2,224
Other Investments	1,384	812
Total (Market Value) held by investment managers	6,030	6,156
Endowment Cash balances held by the Library	712	741
Total Endowment Funds holdings	6,742	6,897
Listed investments - at cost	4,838	4,674

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

	£000
Opening Value of Investments at 1 April 2015	6,156
Charges & Income Withdrawn	(109)
Income Received	205
Capital Appreciation/(Depreciation)	(222)
Closing Value at 31 March 2016	6,030

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 £41,253 (2014/15: £10,549) from Trust funds.

11. DEBTORS

	2016	2015
	£000	£000
Trade debtors	136	121
Other debtors	23	258
Provision for bad debts	(1)	(7)
VAT recoverable	620	357
Prepayments and accrued income	1,106	180
Total	1,884	909
Intra Government balances, included above;		
Balances with other Central Government bodies	716	414

A total of £107 in bad debts was written off during the year.

12. STOCKS

	2016	2015
	£000	£000
Stock for shop trading activities	16	21

13. CASH AT BANK AND IN HAND

	2016	2015
	£000	£000
Government Banking Services	548	607
Other current accounts	1,070	1,541
Term Deposits	7	7
Cash	3	3
Total	1,628	2,158

14. CREDITORS - amounts falling due within one year

	2016	2015
	£000	£000
Other creditors	1,318	1,796
Taxation and social security	347	362
Deferred Conditional Income	493	321
Deferred Pension Costs	25	51
Accruals and deferred income	249	395
Total	2,432	2,926

Intra Government balances, included above;

Balances with other Central Government bodies	416	537
---	-----	-----

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2016	2015
	£000	£000
Deferred Pension: Amounts due outwith 1 year	29	54
Pay & Grading Amounts due outwith 1 year	80	161
Total	109	215

The provision for deferred pension relates to the compensation element of the Early Retirement Package payable to former employees who were over the age of 50 but below the age of 60. On attaining the age of 60 the compensation element ceases. Future costs connected with early retirements or early departures are recognised, in full, in the year in which an individual leaves the Library's service.

The provision for pay and grading relates to the future amounts payable to protect, in cash terms, the salaries of staff whose salary could decrease as a result of the introduction of the revised pay and grading system. The amounts are likely to be paid over the next five years. The provision has been calculated based upon the difference between current and future salaries.

16. RESERVES

	RESTRICTED FUNDS				ENDOWMENT FUNDS		UNRESTRICTED FUNDS		Total
	Capital Assets Fund	Revaluation Reserve	Collection Purchase Reserve	Designated Purpose Fund	Voluntary Income Fund	Endowment Capital	General Fund	£000	
Balances at 1 April 2015	62,999	30,072	15	62	325	6,573	300	100,346	
Incoming Resources									
Government Funding received	-	-	500	-	-	-	-	500	
Donations (including bequests) received	-	-	152	-	36	-	-	188	
Dividend, interest income and other	-	-	-	-	75	-	-	75	
Outgoing Resources									
Expenditure funded by restricted funding	-	-	(486)	-	(172)	-	-	(658)	
Net Income/(Expenditure) from SOFA	-	-	166	-	(61)	-	(767)	(662)	
Transfers Between Funds									
Release in respect of depreciation	(1,045)	(948)	-	-	-	-	1,993	-	
Collection items with a value in excess of £5,000	241	-	(235)	-	(6)	-	-	-	
Other Transfers	-	-	54	1,067	-	-	(1,121)	-	
Gains & Losses									
Surplus on revaluation	-	1,484	-	-	-	-	-	1,484	
Changes in market value of holdings	-	-	-	-	-	(88)	-	(88)	
Balance as at 31 March 2016	62,195	30,608	-	1,129	258	6,485	405	101,080	

17. NOTES TO THE CASH FLOW STATEMENT

	2016	2015
	£000	£000
Reconciliation of operating deficit to net cash outflow from Operating Activities		
Deficit for the financial year	(654)	(1,373)
Depreciation on tangible fixed assets	2,400	2,472
Non cash movement in restricted funds	38	(89)
Dividends & interest from investments	(79)	(210)
(Increase)/Decrease in stock	3	5
(Increase)/Decrease in debtors	(974)	87
Increase/(Decrease) in creditors and provisions	(596)	(360)
Net cash inflow from operating activities	<u>138</u>	<u>532</u>
Investing Activities		
Additions to fixed assets	(566)	(360)
Dividends & interest from investments	79	210
Purchase of items for the collections	(181)	(780)
Net capital expenditure for year	<u>(668)</u>	<u>(930)</u>
Financing Activities		
Other funding received for purchase of Collections	-	53
Total Financing received	<u>-</u>	<u>53</u>
Analysis of changes in cash during the year		
Opening balance at 1 April	2,158	2,503
Net cash outflow during the year	(530)	(345)
Closing balance at 31 March	<u>1,628</u>	<u>2,158</u>

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 registered charity (SC043799).

It is the intention of the Library to make periodic applications to NLSF for financial support for defined activities. Such applications will be considered on their merits by the Directors of NLSF.

19. FINANCIAL COMMITMENTS

At the end of the 2015/16 financial year, the National Library of Scotland is contractually

committed to two capital projects. The amounts contracted for but not provided in the financial statements at 31st March 2016 are as follows;

	2016
	£000
Causewayside Building refurbishment	5,133
Kelvin Hall refurbishment	1,957
Total	<u>7,090</u>

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

	2016	2016	2016	2015	2015	2015
	Land and	Other	Total	Land and	Other	Total
	Buildings			Buildings		
	£000	£000	£000	£000	£000	£000
Operating leases which expire within one year	28	31	59	-	-	-
In the second to fifth year inclusive	234	-	234	420	63	483
In over five years	-	-	-	-	-	-
Total	<u>262</u>	<u>31</u>	<u>293</u>	<u>420</u>	<u>63</u>	<u>483</u>

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 £18.913 million in 2015/16 (2014/15: £16.618 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.

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 of the National Library of Scotland.

The National Librarian and Chief Executive 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 161 Causewayside, Edinburgh EH9 1PH. 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 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:

	2016	2015
	£000	£000
Net Assets at 31 March	97	97
Turnover	145	142
Deficit for the year	(1)	(4)

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.

	2016 Outturn	2016 Offer Letter
	£000	£000
Cash Items		
Running Costs	13,295	13,313
Purchases	500	500
Capital – Various	5,033	5,100
Total Cash	18,828	18,913
Non Cash Items (notional)		
Depreciation	2,408	2,380
	21,236	21,293

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

