

how to work safely from home. Staff could also pick up their e-mails and home working was significantly expanded. Use was made of various online applications which allowed staff to work online and take audio and video calls. These were used to hold meetings and to stream the quarterly National Librarian's updates.

The Library's financial position has proved resilient in the face of pressures presented by Covid-19. Going forward the financial position is less certain. It is likely that some charitable income will reduce particularly that income derived from the rental of property and from customer visits to the Library's premises. The bulk of the Library's income (94%) derives from Scottish Government grant and future financial stability will depend largely on the prospects for this revenue.

10. Investments

The Trustees Act 2000 governs the Board Members' investment powers. The Board Members have agreed the Library's Treasury Management and Investment Policy and the Audit Committee is provided with details of the performance of the portfolio at each of its meetings and meets the investment managers annually. The Library has agreed a balanced approach to risk in terms of investment return and capital protection and growth. It has also instructed the investment advisers not to knowingly invest in anything that will bring the Library into disrepute. The Board has acknowledged that its investment time horizon is in excess of five years and short/medium terms reductions are possible in the value of the portfolio.

During the year the Audit Committee began a review of the Library's Treasury Management and Investment Policy. This will be concluded later this year

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 increased from £6.59 million to £8.06 million reflecting the global increase in equities after the March 2020 slump.

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

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

sector. Termination payments are paid in accordance with the Civil Service Compensation Scheme.

In previous years the Library has taken part in the national Civil Service People Survey to measure levels of engagement. However, during the year it was informed that access to this survey was no longer to be extended to NDPBs. In response the Library has developed its own survey and this was distributed to staff in April 2021. The scores overall were positive and reflect well on the Library's handling of the pandemic. When compared to the 2019 survey, improvements were seen in many areas including communication and leadership. The areas for improvement relate to staff workload in certain areas and skills development.

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

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

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

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 2020/21 was 3.7 days (2019/20: 7.9 days) which was a significant decrease on the previous year and has been attributed to the lockdown, the degree of homeworking during 2020/21 and the potential of under-reporting. Over the year the Library has also revised its Flexible Working Policy to take account of the move towards a more hybrid form of homeworking/working in Library buildings. Over the coming year the Library will trial different forms of working for staff.

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 22 days to settle invoices (2019/20: 19 days). The Library recognises, supports and is working towards the Scottish Government target of paying suppliers within ten days. During the year 23% of invoices were paid within ten working days (2019/20: 50%).

13. Environmental matters

Sustainability is an important theme in the Library's new [strategy](#) and it is planning to build upon the work done in previous years. By the end of 2020/21 it has achieved a reduction in CO2 emissions of 70% compared to its baseline year. An updated Climate Action Plan for the period up to 2025 has recently been agreed and this targets a reduction of 72.5% by the end of the period. This is a step towards the overall aim of the Library achieving net zero carbon by 2045.

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

14. Management of information

The Library is fully committed to the data protection principles as detailed in the EU General Data Protection Regulation (GDPR) and has a framework in place to help compliance with the specific requirements. There were two known breaches of personal data during the year. Both were assessed as low severity and none were reportable to the Information Commissioner's Office.

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

During the year the Library made progress on the management of information through the use of Microsoft Office 365 and the roll out of a new version of SharePoint during 2020/21.

15. Fundraising

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

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

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

16. Policy in relation to equalities

On 6th April 2011 the Library became subject to the Equality Act 2010. The 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.

The Library maintains, develops and monitors equality objectives and in April 2021 published this information on the Library website in the form of an [Equalities Mainstreaming Progress Report](#). The Library also conducts equality impact assessments as required and offers training and awareness events in this area. The [Equalities Mainstreaming Progress Report](#) details a mean gender pay gap of 0.32% in favour of women and a median gender pay gap of 0.00% i.e. no difference.

17. Plans for the future

In September 2020 the Library agreed a new strategy for the period 2020-2025 which concludes in the year the Library celebrates its centenary. The focus during 2021/22 and beyond will be the implementation of this strategy while also dealing with the ongoing effects of the COVID-19 pandemic.

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

18. Appointment of Auditors

The financial statements of the Library are audited by independent auditors appointed by the Auditor General for Scotland. Audit Scotland, 102 West Port, Edinburgh, EH3 9DN were appointed from 1st April 2016 for a period of 5 years. This term has subsequently been extended by one year. The agreed fee for audit services was £21,600 (2020: £21,090) which relates wholly to the provision of statutory audit services.

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

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

19. 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 the Charities SORP (FRS 102) 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 Charities Accounts (Scotland) Regulations 2006 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.

20. 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	Anderson Strathern	1 Rutland Court, Edinburgh
Bankers	Bank of Scotland	The Mound, Edinburgh
	National Westminster Bank	135 Bishopsgate, London
Tax Advisers	Azets	Exchange Place, 3 Semple Street, Edinburgh

.....
Simon Learoyd
Interim Chair of the National Library of Scotland

Date:

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 also safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them.

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

As Accountable Officer, the National Librarian is personally answerable to the Scottish Parliament in accordance with Section 15 of the Public Finance and Accountability (Scotland) Act 2000. The National Librarian is responsible for the propriety and regularity of financial transactions under their control and for the economical, efficient and effective use of resources provided to the Library, for ensuring that arrangements have been made to secure best value and for signing the Library's financial statements. The National Librarian is also responsible for providing the necessary assurances to the Principal Accountable Officer to enable them to sign the Statement on Internal Control contained within the Scottish Government consolidated financial statements. The National Librarian has responsibility for ensuring that effective management systems are in place within the Library and that all risks are identified, assessed and managed appropriately.

Discharge of Board responsibilities

To discharge its responsibilities the Board has met virtually four times over the financial year. Every quarter the Board receives a report from the National Librarian covering key operational matters, a report on the progress with the annual Library Plan along with performance against key indicators, a finance report, minutes of Committee meetings and reports on specific topics as necessary. The management of the key strategic risks is also regularly considered by the Board. Other significant matters considered by the Board during 2020/21 included the following:

- The Library strategy for the period 2020-2025;
- The potential development of the George IV Bridge building including the review of a Feasibility Study;
- The Library's Plan for the resumption of services after the lifting of COVID-19 restrictions; and
- The Collections Development Policy.

Information on data management is provided on page 13 in the Annual Report of the Board.

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

Each year the Board aims to hold an Away Day to develop a shared understanding of the challenges and opportunities facing the Library over the coming years and to assess progress with the strategy. The 2020 Away Day was cancelled due to the COVID-19 pandemic.

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

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

Work of the Audit Committee over the year

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

During the year the Committee considered:

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

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

The internal audit activity in 2020/21 focussed on the following:

Area covered	Assessment	Definition
Partnerships	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Corporate Governance	Substantial	There is a sound system of internal control designed to achieve system objectives.
Business Continuity Planning	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Fundraising	Substantial	There is a sound system of internal control designed to achieve system objectives.

Reports are produced for each of the areas with actions, timescales and staff responsibilities relating to the recommendations agreed. The reports are then considered by the Audit Committee. There is also a regular exercise to ensure that recommendations are being implemented in line with the agreed timescales. The Audit Committee reviewed the actions required arising from the Partnership Working audit and accepted these as appropriate given the overall assessment.

The Audit Committee also continued to consider other reports linked to the Library's specific strategic risks. The May 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). An annual report is also made on any Losses/Thefts from the collections.

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

- The risk management activities and controls in the majority of the areas examined were found to be suitably designed to achieve the specific risk management, controls and governance arrangements.
- Based on verification reviews and sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

Reflecting on the course of its work in 2020/21, the Audit Committee is satisfied that it has highlighted any significant matters for the Board's attention.

Work of the Governance Committee

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

The Governance Committee met twice during the year and considered:

- The tendering and award of a contract to carry out an external review of Board Governance and considered the resulting report.
- The requirement for any updates to the Board Members' Code of Conduct.
- The annual process of Board self-appraisal.
- The minutes of the NLS Foundation.

- The steps that could be considered to increase diversity in the Board membership.
- The results of the changes made to the Library's website aimed at improving transparency.

Work of the Staffing and Remuneration Committee

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

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

- The annual pay award for staff and the National Librarian, recommending the latter to the Board.
- The results of the annual Staff Engagement survey and the progress made with actions agreed as part of previous survey responses.
- Updates to various human resources policies such as Engagement through Work, Induction and Probation, Safeguarding Children, Young People and Vulnerable Adults, and Recruitment and Selection.
- The actions being taken with regard to health and safety, and employee wellbeing.
- The reporting of progress made in relation to the duties contained in the Equality Act 2010 and subsequent regulations.
- Review of Succession Planning.
- The work being done in relation to staff training and development and the arrangements in place for appraisals.
- Presentations from staff on topics such as the new e-Learning modules available to staff.

Purpose of the system of internal control

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

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

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control. The process within the organisation accords with the SPFM and has been in place for the year ended 31st March 2021 and up to the date of approval of the financial statements and accords with guidance from the Scottish Ministers.

Risk and Control Framework within the Library

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

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

Review of effectiveness

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

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

Assessment of corporate governance

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

.....
Dr John Scally
National Librarian

.....
Simon Learoyd
Interim Chair of the National Library of Scotland

Date:

Date:

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and financial statements of National Library of Scotland for the year ended 31 March 2021 under the National Library of Scotland Act 2012 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- Give a true and fair view in accordance with 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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 18 July 2016. The period of total uninterrupted appointment is 5 years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Board members for the financial statements

As explained more fully in the Statement of Board Members' Responsibilities, the Board is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

- Obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- Identifying which laws and regulations are significant in the context of the body;
- Assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- Considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the [Financial Reporting Council's website](#). This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and financial statements. The statutory other information comprises the Annual Report of the Board and the Governance Statement.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Matters on which I am required to report by exception

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

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Asif A Haseeb OBE
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Date

Asif A Haseeb OBE is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000

Statement of Financial Activities for the year ended 31st March 2021

2020		Note(s)	Restricted Funds £000	Endowment Funds £000	Unrestricted Funds £000	2021 £000
£000						
	Income & Endowments from:					
975	Donations & Legacies	3	34	-	384	418
530	Charitable Activities	3	-	-	450	450
117	Other Trading Activities	3,4	-	-	24	24
230	Investments	3	169	-	-	169
15,955	Other - Grant-in-Aid	2	1,000	-	15,880	16,880
<u>17,807</u>	Total		<u>1,203</u>	<u>-</u>	<u>16,738</u>	<u>17,941</u>
	Expenditure on:					
411	Raising Funds	5	45	-	287	332
8,603	Collection Development	5	110	-	8,302	8,412
5,786	User Access to Collections	5	-	-	6,036	6,036
540	Strategy and Communications	5	-	-	392	392
622	Collection Purchases	5	606	-	6	612
531	Governance	5	-	-	538	538
-	Other	5	-	-	-	-
3,136	Depreciation	5	-	-	3,251	3,251
<u>19,629</u>	Total	5	<u>761</u>	<u>-</u>	<u>18,812</u>	<u>19,573</u>
(772)	(Losses)/Gains on investments	10	-	1,515	-	1,515
<u>(2,594)</u>	Net Income/(Expenditure) Transfers between Funds		<u>442</u>	<u>-</u>	<u>(2,074)</u>	<u>(1,632)</u>
-	Release in respect of depreciation		(2,507)	-	2,507	-
-	Other Transfers		385	-	(385)	-
5,513	Other recognised Gains					
	Losses on the revaluation of fixed assets	8	(377)	-	-	(377)
80	Donated Assets	9	22	-	-	22
<u>2,999</u>	Net movement in Funds		<u>(2,035)</u>	<u>1,515</u>	<u>48</u>	<u>(472)</u>
116,074	Reconciliation of Funds					
	Fund balances brought forward at 1 April	15	111,372	7,100	602	119,074
<u>119,073</u>	Fund balances carried forward at 31 March	15	<u>109,337</u>	<u>8,615</u>	<u>650</u>	<u>118,602</u>

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 28 to 48 form part of these financial statements.

Balance Sheet as at 31st March 2021

		2020	2021
		£000	£000
Fixed Assets	Note		
Tangible Assets	8	68,782	66,191
Heritage Assets	9	39,660	39,850
Investments	10	6,588	8,058
Total fixed assets		<u>115,030</u>	<u>114,099</u>
Current Assets			
Stocks	12	26	14
Debtors	11	3,597	3,089
Cash at bank and in hand	13	2,072	2,662
Total current assets		<u>5,695</u>	<u>5,765</u>
Creditors - amounts falling due within one year	14	<u>(1,651)</u>	<u>(1,262)</u>
Net current assets		<u>4,044</u>	<u>4,503</u>
Total assets less current liabilities		<u>119,074</u>	118,602
Net assets		<u>119,074</u>	<u>118,602</u>
The funds of the charity:			
Endowment funds	15	7,100	8,615
Restricted funds			
Capital Assets Fund	15	63,153	62,274
Revaluation Reserve	15	41,267	39,430
Donated Assets	15	726	748
Collection Purchase	15	144	407
Designated Purpose	15	5,875	6,260
Voluntary Income	15	207	218
Unrestricted Funds			
General Fund	15	602	650
Total Charity Funds		<u>119,074</u>	<u>118,602</u>

The Board approved these financial statements on the 14th September 2021 and the Accountable Officer authorised them for issue on the same date.

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

.....
Simon Learoyd
Interim Chair of the National Library of Scotland

The notes on pages 28 to 48 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2021

	Note	2020 £000	2021 £000
Cash flows from operating activities			
Surplus/(Deficit) for the financial year as per the SOFA		(1,821)	(1,632)
Depreciation on tangible fixed assets	8	3,136	3,234
Loss/(Profit) on disposal of fixed assets		-	17
Non cash movement in restricted funds		51	45
Dividends & interest from investments		(230)	(169)
(Increase)/Decrease in stock	12	4	11
(Increase)/Decrease in debtors	11	51	508
Increase/(Decrease) in creditors and provisions	14	(34)	(377)
Net cash inflow from operating activities		1,157	1,637
Cash flows from investing activities			
Additions to fixed assets		(1,004)	(1,048)
Dividends & interest from investments		230	169
Purchase of items for the collections		(483)	(168)
Net cash (used in) investing activities		(1,257)	(1,047)
Cash flows from financing activities			
Increased investment in endowment funds		-	-
Net cash (used in) financing activities		-	-
Change in cash in the reporting year			
Cash at 1 April	13	2,172	2,072
Cash at 31 March	13	2,072	2,662

The notes on pages 28 to 48 form part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2021

1. Accounting policies

a. Basis of accounting

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

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

The financial statements incorporate the transactions and balances of the Library, its bequests and other acquisition and cataloguing funds up to 31st March each year. Of these bequests, only the income from the Alexander Grant Fund (Net Assets: £1.636 million) is solely available for the general purposes of the Library, the other funds being restricted in use to different degrees. Amounts are rounded to the nearest thousand.

Without limiting the information given, the financial statements meet the requirements of the Companies Act 2006 and Accounting Standards issued or adopted by the Accounting Standards Board as far as those are applicable. They also comply with the Government Financial Reporting Manual (FRM), the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), the Charities Act 2011, 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 Library is a public benefit entity as defined by FRS102 whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

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

b. Fund accounting

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

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

c. Tangible fixed assets and depreciation

Title to the Land and Buildings used by the Library is either held in the name of the Scottish Ministers, the name of the Board or by the Faculty of Advocates and occupied under license. The method of valuation for properties of a specialised nature, that is land and buildings for which there is effectively no market, is depreciated replacement cost. Other properties have been valued at either open market value or existing use value. Full valuations of land and buildings are undertaken every five years and buildings are updated

in intervening years by applying appropriate cost indices. Fixed assets other than buildings are held at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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

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

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

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

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

d. Incoming resources

Government and other grants

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

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

Other income

All other income is accounted for on a receivable basis and recognised in the Statement of Financial Activities. Donations and Legacies are included on a cash received basis. Income from Revenue Earning Activities is disclosed within the financial statements on a gross accounting basis.

e. Resources expended

Expenditure is classified in the Statement of Financial Activities under the principal categories of charitable activities, costs of generating income and governance. Charitable expenditure comprises direct expenditure attributable to the principal functions of the Library and support costs. Expenditure has been attributed to departments, where possible on an actual basis and otherwise in proportion to the direct costs of each of those departments.

The Library's principal functions are collection development, providing user access and the

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

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

f. Investments

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

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

g. Stocks

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

h. Debtors

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

i. Creditors & provisions

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

j. Taxation

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

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

k. Foreign currency

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

l. Pensions

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

The Library recognises the expected cost of providing future pensions over the period during which it benefits from employees' services. Ascertained future costs connected with early retirement or early departure are recognised in full in the year in which an individual leaves the Library's service.

m. Leases

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

n. Reserves

Reserves are held as follows:

Capital Assets Fund

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

Revaluation Reserve

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

Collection Purchase Reserve

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

Donated Assets Reserve

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

Designated Purposes Fund

The Designated Purposes Fund comprises three elements:

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

Voluntary Income Fund

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

Endowment - Capital

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

General Fund

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

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

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

p. Impairment

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

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

q. Estimation techniques

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

r. Heritage assets

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

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

2. Other Grant-in-Aid

	2020	2021
	£000	£000
Grant-in-Aid Received		
Running Costs	14,205	14,630
Capital	750	1,250
	<hr/> 14,955	<hr/> 15,880
Purchase Grant	1,000	1,000
Total Received during year	<hr/> 15,955	<hr/> 16,880

3. Analysis of income

Analysis of Income	2020	Restricted Funds	Un restricted Funds	2021 Total
	£000	£000	£000	£000
Donations & Legacies				
General Grants	866	33	340	373
Donations	110	1	44	45
	976	34	384	418
Charitable Activities				
Property rental	67	-	36	36
Agency services	83	-	94	94
Reprography	161	-	157	157
Sundry income	219	-	163	163
	530	-	450	450
Other Trading Activities				
Shelving Rental	17	-	19	19
Box Making Income	9	-	-	-
Shop & Café Income	91	-	5	5
	117	-	24	24
Investments				
Investment Income	230	169	-	169
Other - Grant In Aid				
Grant In Aid	15,955	1,000	15,880	16,880
	17,808	1,203	16,738	17,941
Total Income & Endowments	17,808	1,203	16,738	17,941

In the year ended 31 March 2020, Charitable Activities and Other Trading Activities income related only to Unrestricted Funds. Donations and Legacies was split £903k of Unrestricted and £73k of Restricted funds, Grant in Aid was split £14,954k of Unrestricted and £1,001k of Restricted and Income from Investments was split £12k of Unrestricted and £218k of Restricted.

4. Other trading activities

	2020	2021
	£000	£000
Income		
Shelving Rental	17	19
Box Making Income	9	-
Café and Shop Income	91	5
Total Income	117	24
Less: Costs		
Cost of sales	(69)	(46)
Direct wages	(54)	(22)
Administration	(7)	(3)
Total Costs	(130)	(71)
Surplus/(Deficit) for the year:	(13)	(47)

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	2020 Total £000	Direct Costs £000	Support Costs £000	2021
Raising Funds				
Raising Donations & Legacies	230	162	54	216
Expenditure on Other Trading Activities	130	35	36	71
Investment Management costs	51	45	-	45
	411	242	90	332
Charitable Activities				
Collection Development	8,603	4,935	3,477	8,412
User Access to Collections	5,786	3,365	2,671	6,036
Strategy and Communications	540	229	163	392
Collection Purchases	622	612	-	612
Governance	531	314	224	538
Depreciation	3,136	3,251	-	3,251
Total Resources Expended	19,218	12,706	6,535	19,241
Total Expenditure	19,629	12,948	6,625	19,573

In the year ended 31 March 2020, Total Expenditure on User Access to Collections, Strategy and Communications, Governance and Depreciation relate only to Unrestricted Funds. Total expenditure on Raising Funds was split £360k Unrestricted and £51k of Restricted, Collection Development was split £8,444k of Unrestricted and £159k of Restricted and Collection Purchases was split £17k of Unrestricted and £605k of Restricted.

6. Employees

Staff costs during the year were:

	2020	2021
	£000	£000
Wages and salaries	8,698	8,839
Social Security costs	770	784
Pension costs	2,282	2,283
Agency staff costs	192	237
Total	11,942	12,143
Accounted for within:		
Unrestricted Funds	11,862	12,033
Restricted Funds	80	110
Total	11,942	12,143

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

	2020	2021
	Number	Number
Access	46	45
Acquisitions & Description	62	57
Business Support	55	56
Collections & Research	68	67
Digital	39	34
External Relations & Governance	16	14
National Librarian's Office	4	4
Total	290	277

The total amount paid to the key management personnel amounted to £502,229 (2019/20: £457,183). No benefits in kind were provided by the employer (2019/20: £Nil). Performance bonuses and overtime are not paid to senior management.

Reporting of Exit Packages

There were no compulsory redundancies or exit packages during the year (2019/20: Nil).

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.

Emoluments exceeding £60,000

	2020	2021
	Number	Number
£60,000 to £69,999	4	5
£70,000 to £79,999	1	-
£80,000 to £89,999	-	1
£90,000 to £99,999	-	-
£100,000 to £109,999	1	1
Total	6	7

Pay Multiples

Public sector reporting bodies are required to disclose the relationship between the remuneration of the highest paid member of their management team and the median remuneration of the organisation's workforce. The remuneration of the highest paid member of the Library Leadership Team in 2020/21 was £104,018 (2019/20: £102,018). This was 3.99 (2019/20: 4.03 times) the median remuneration of the workforce which was £26,079 (2019/20: £25,319).

In 2020/21 no employees received remuneration in excess of the highest paid member of the Library Leadership Team (2019/20: none). Remuneration during the year excluding the highest paid member of the Library Leadership Team ranged from £18,974 to £81,585 (2019/20: £18,224 to £79,209).

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 2016. You can find details in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2020/21 employers' contributions of £2.27 million were payable to the PCSPS (2019/20: £2.27 million) at one of the four rates in the range 26.6% to 30.3% 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 2020/21 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 £17,493 (2019/20 - £17,825) were paid to one or more of the panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £510, 0.5% 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 £Nil (2019/20 - £Nil. Contributions prepaid at that date were Nil (2019/20 - £Nil).

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of trade union facility time within their organisation. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative.

The data is required to be published within the Annual Report and Accounts and on the organisation's website before the 31st July each year. Information for the 2020/21 year is detailed below and on the Library's website.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
14	12.49

Percentage of time spent on facility time

Percentage of time	Number of employees
0%-0.99%	1
1-50%	13
51-99%	0
100%	0

Percentage of pay bill on facility time

Total cost of facility time (£'000)	20
Total pay bill (£'000)	11,906
Percentage of total pay bill spent on facility time (%)	0.17%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	11%
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7. Other operating charges

	2020	2021
	£000	£000
General		
Administration expenses	522	450
Operating lease rentals (see note below)	36	39
Travel, subsistence and hospitality	194	91
Office equipment and supplies	33	74
Purchases for the Collections	622	612
Digitisation of the Collections/Web Development	22	20
Exhibitions	151	133
Copyright Agency	145	150
Computer Services	695	612
Record purchase	40	14
Audit fees (see note below)	35	40
Conservation and Preservation	42	37
Consultancy	139	120
Depreciation	3,136	3,251
Sub-total	5,812	5,643
Buildings		
Utilities	458	414
Rent, rates and service charges	243	22
Lease of Land and Buildings	177	270
Buildings maintenance	982	1,075
Furniture	5	1
Transport	10	5
Sub-total	1,875	1,787
Total	7,687	7,430

Operating lease rentals are paid in respect of rental of buildings and general office equipment. Included in Audit Fees is £21,600 in relation to External Audit services for 2020/21 provided by Audit Scotland.

Board Members receive no remuneration but are reimbursed for travel expenses and any childcare expenses. Travel and subsistence expenses amounting to £32 (2019/20: £1,359) were paid to Board Members in respect of attendance at meetings. One Board Member received reimbursement for expenses (2019/20: Five). Board Members do not receive any benefits in kind.

8. Tangible assets

	2020 Total	Land and Buildings	Motor vehicles	Equipment and Machinery	Computer equipment	2021 Total
COST OR VALUATION	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	90,230	89,513	64	4,647	2,595	96,819
Additions	850	-	-	674	361	1,035
Disposals	(35)	-	-	(117)	-	(117)
Revaluation / Indexation Adjustment	5,774	(523)	-	-	-	(523)
Balance at 31 March 2021	96,819	88,990	64	5,204	2,956	97,213
ACCUMULATED DEPRECIATION & IMPAIRMENT						
Balance at 1 April 2020	24,674	24,026	42	2,164	1,803	28,035
Charge for the year	3,036	2,507	11	392	324	3,234
Disposals	(35)	-	-	(100)	-	(100)
Write down of assets recognised in the SOFA	100	-	-	-	-	-
Revaluation/Indexation Adjustment	260	(146)	-	-	-	(146)
Balance at 31 March 2021	28,035	26,387	53	2,456	2,127	31,023
NET BOOK VALUE						
At end of period	68,784	62,602	11	2,748	830	66,191
At start of period	65,556	65,487	22	2,483	792	68,784

Land and Buildings includes £3.160 million (2019/20: £3.160 million) in respect of land which is not depreciated.

At 31st March 2020 all Land and Buildings were revalued by Shepherds, a firm of chartered surveyors, on the basis of Depreciated Replacement Cost for buildings of a specialised nature and on the basis of Existing Use Value for other buildings. The valuation was carried out by a Member of the Royal Institute of Chartered Surveyors (MRICS). As part of the valuation they noted that the COVID-19 pandemic had created significant market volatility and an unprecedented set of circumstances on which to base a valuation judgement. Accordingly, they attached a note of 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards. This means that less certainty can be attached to the valuations than would otherwise be the case.

Depreciated Replacement Costs were derived by the valuers on the basis of land values and estimated current construction costs, including professional fees and finance costs for each individual property. The amount by which replacement cost for each property was discounted to

arrive at Depreciated Replacement Cost was assessed by the valuers on the basis of the current condition and state of repair of the property concerned (rather than by time apportioning over the estimated total life of the property).

9. Heritage assets

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

The value held by the Library comprised;

	2017	2018	2019	2020	2021
	£000	£000	£000	£000	£000
Balance of capitalised items at 1 April	33,756	37,743	38,429	39,108	39,660
Acquired at cost with a value exceeding £5,000	3902	516	288	472	168
Acquired via donation with a value exceeding £5,000	85	170	391	80	22
Balance at 31 March	37,743	38,429	39,108	39,660	39,850

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

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

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

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

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

10. Investments

	2020	2021
	£000	£000
Cash held by investment managers	405	207
UK Investments (Market Value) held by Investment managers	3,050	4,545
Total UK holdings with investment managers	3,455	4,752
Overseas Investments (Market Value) held by investment managers	1,483	2,383
Other Investments	1,651	923
Total (Market Value) held by investment managers	6,588	8,058
Endowment Cash balances held by the Library	720	776
Total Endowment Funds holdings	7,308	8,834
Listed investments - at cost	5,790	5,919

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

Change in Market Value of Investments

	£000
Opening Value of Investments at 1 April 2020	6,588
Charges & Income Withdrawn	(214)
Income Received	169
Capital Investment	-
Capital Appreciation/(Depreciation)	1,515
Closing Value at 31 March 2021	8,058

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 £16,298 (2019/20: £31,457) from these Trust funds.

11. Debtors

	2020	2021
	£000	£000
Trade debtors	106	52
Other debtors	396	(1)
Provision for bad debts	(10)	(13)
VAT recoverable	171	292
Prepayments and accrued income	2,934	2,759
Total	3,597	3,089

Intra Government balances, included above;

Balances with other Central Government bodies	236	46
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No bad debts were written off during the year.

12. Stocks

	2020	2021
	£000	£000
Stock for shop trading activities	26	14

13. Cash at bank and in hand

	2020	2021
	£000	£000
Government Banking Services	1,799	1,741
Other current accounts	271	918
Cash	2	3
Total	2,072	2,662

14. Creditors - amounts falling due within one year

	2020	2021
	£000	£000
Other creditors	942	669
Taxation and social security	431	426
Accruals and deferred income	278	167
Total	1,651	1,262

Intra Government balances, included above;

Balances with other Central Government bodies	577	521
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15. Reserves

	RESTRICTED FUNDS						ENDOWMENT FUNDS	UNRESTRICTED FUNDS	Total £000
	Capital Assets Fund	Revaluation Reserve	Donated Assets Reserve	Collection Purchase Reserve	Designated Purpose Fund	Voluntary Income Fund	Endowment - Capital	General Fund	
	£000	£000	£000	£000	£000	£000	£000	£000	
Balances at 1 April 2020	63,153	41,267	726	144	5,875	207	7,100	602	119,074
Incoming Resources									
Government Funding received	-	-	-	1,000	-	-	-	15,880	16,880
Other Restricted funding received	-	-	-	33	-	1	-	-	34
Donations (including bequests) received	-	-	-	-	-	-	-	384	384
Dividend, interest income and other	-	-	-	-	-	169	-	474	643
Outgoing Resources									
Expenditure	-	-	-	(602)	-	(159)	-	(18,812)	(19,573)
Changes in market value of investments	-	-	-	-	-	-	1,515	-	1,515
Net Income/(Expenditure) from SOFA	-	-	-	431	-	11	1,515	(2,074)	(117)
Transfers Between Funds									
Release in respect of depreciation etc	(1,047)	(1,460)	-	-	-	-	-	2,507	-
Collection items with a value in excess of £5,000	168	-	-	(168)	-	-	-	-	-
Other Transfers	-	-	-	-	385	-	-	(385)	-
Gains & Losses									
Loss on revaluation	-	(377)	-	-	-	-	-	-	(377)
Donated Assets	-	-	22	-	-	-	-	-	22
Balance as at 31 March 2021	62,274	39,430	748	407	6,260	218	8,615	650	118,602

16. Net assets held in reserves

	Restricted Funds £000	Endowment Funds £000	General Funds £000	Total £000
Tangible Assets	65,944	-	247	66,191
Heritage Assets	39,850	-	-	39,850
Investments	-	8,058	-	8,058
Current Assets	3,543	557	1,665	5,765
Current Liabilities	-	-	(1,262)	(1,262)
Total	109,337	8,615	650	118,602

National Library of Scotland Foundation

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

At the end of the 2020/21 financial year Simon Learoyd and Helen Durndell were trustees of both the National Library of Scotland and the National Library of Scotland Foundation.

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 Trustees of NLSF.

18. Lease commitments

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

	2020	2020	2020	2021	2021	2021
	Land and Buildings	Other	Total	Land and Buildings	Other	Total
	£000	£000	£000	£000	£000	£000
Operating leases which expire within one year	99	30	129	128	30	158
In the second to fifth year inclusive	395	52	447	513	23	535
In over five years	2,118	-	2,118	2,137	-	2,137
Total	2,612	82	2,694	2,778	52	2,831

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

19. 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 £16.880 million in 2020/21 (2019/20: £15.955 million).

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

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

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.

Associate company

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

provide a single point of claim and deposit on behalf of the Legal Deposit Libraries.

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

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

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

	2020	2021
	£000	£000
Net Assets at 31 March	89	95
Turnover	112	114
Surplus/(Deficit) for the year	(3)	6

Post balance sheet events

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

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.

	2021	2021
	Offer	Outturn
	Letter	
	£000	£000
Cash Items		
Running Costs	14,630	14,603
Purchases	1,000	737
Capital – Various	1,250	1,141
Total Cash	16,880	16,481
Non Cash Items (notional)		
Depreciation	3,500	3,234
	20,380	19,715

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 (FRoM) 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