



**THE NATIONAL
ARCHIVES OF SCOTLAND**

ANNUAL REPORT AND ACCOUNTS

2010 - 2011

FOREWORD BY THE KEEPER OF THE RECORDS OF SCOTLAND



This was a significant year for NAS in two major respects. The Scottish Parliament passed the first new legislation on public records since 1937, and NAS merged with the General Register Office, which means that this will be the last NAS annual report.

The Public Records (Scotland) Bill was introduced by ministers in response to recommendations of the Shaw Report into the abuse of looked after children. Although it started from this moral imperative, the new legislation is really about improving the way the public sector in Scotland manages records, and promoting greater efficiency. The Act offers the best chance in several decades of making real improvements to record keeping. Implementing it is a major priority for NRS.

Given the similarity of work in NAS, GROS and Registers of Scotland, the three chief executives set up a small working group to look into merger. The result was a recommendation to merge NAS and GROS, whose business was more clearly aligned and where identical staff terms and conditions made this easier. A recommendation to ministers was accepted and an initial date of 1 April 2011 agreed, though it was accepted that full merger of systems would take longer. The new body, **National Records of Scotland**, was formed from that date, as a non-ministerial department. The statutory responsibilities of the Keeper and the Registrar General remain distinct though both report to the Cabinet Secretary for Culture and External Affairs. There is more information on the merger in the GROS annual report.

The year also saw some exciting developments on the records and archives side, with announcements about important documents on Burns and Vivaldi to the press, the completion of new databases on criminal trials and on military tribunals, and new learning resources being developed and trialled with video conferencing to schools.

Our ambitious programme of digital imaging continued, both on the Register of Sasines and on a range of older historical material. A future priority is to make this available where possible on the Internet, as well as in the search rooms. Onsite searching facilities were centralised in General Register House, with access to plans now either by digital image or by pre-booking an appointment at Thomas Thomson House.

1. INTRODUCTION

What is covered in this Annual Report

The Annual Report describes the status and the functions of the National Archives of Scotland (NAS) and provides a review of our general performance and our performance against our key business objectives. The accounts detail how we used our budget.

2. WHO WE ARE

The National Archives of Scotland (NAS) is both an associated department and an Executive Agency of the Scottish Government. The NAS was designated one of Scotland's five National Collections in 2006. Ministerial responsibility for NAS rests with the Minister for Culture, External Affairs and Tourism. The NAS is headed by the Keeper of the Records of Scotland ("the Keeper"), who is responsible to Scottish Ministers for its management, performance and future development

The mission of the NAS is:

to preserve, protect and promote the nation's records; to provide the best possible inclusive and accessible archive that educates, informs and engages the people of Scotland and the world.

Our functions, based on the mission, are:

- to select public records worthy of permanent preservation; acquire other historical records of national importance, and make suitable arrangements for the disposal of other material including transfer to another appropriate repository;
- to preserve to archival standards all records selected for permanent preservation in the NAS;
- to increase sustainable public access to the records;
- to provide advice to custodians of records outwith the NAS and facilitate access to such records;
- to take the lead in the development of archival and records management practice in Scotland; and
- to deploy the resources available to the NAS in the most effective and efficient manner.

The NAS plays an important role in Scotland's economic and cultural life. The property market in Scotland is dependent on the services provided by the NAS to legal searchers, while its historical records are much used in lifelong learning and are a major attraction for genealogists, which helps promote tourism. In addition to advising Scottish Ministers on records and information policy, the NAS advises Scottish public authorities about the creation and management of their records, it advises public and private owners about their historical records and it provides a reference service to the public on all aspects of the national archives.

3. GOVERNANCE

The Keeper is responsible to the Scottish Ministers under Public Records legislation. As Accountable Officer, the Deputy Keeper is responsible to the Scottish Parliament under the Public Finance and Accountability (Scotland) Act 2000.

Management Board

NAS has a Management Board comprising the Keeper, Deputy Keeper, Finance Officer and two Non-Executive Directors. It meets quarterly to monitor risk management and governance processes within NAS and help the Keeper make decisions on top level issues. Minutes of Management Board meetings are available on our website at <http://www.nas.gov.uk/about/meetings2.asp>.

Audit Committee

NAS has an Audit Committee comprising the Keeper, Accountable Officer (Deputy Keeper), Finance Officer and three outside members, including the two Non-Executive Directors. It meets quarterly to discuss the internal and external audits that are carried out annually and related issues. Minutes of Audit Committee meetings are available on our website at <http://www.nas.gov.uk/about/meetings2.asp>.

Other groups meet to discuss particular aspects of NAS's work and make recommendations to the Management Board – for example, the Information Systems Planning Group covers ICT developments and Security Committee looks at security issues, including document security.

4. CORPORATE PLANNING AND PERFORMANCE

The Corporate Planning process in NAS is designed to improve how we work and how we deliver services to our customers

NAS's Corporate Plan identifies NAS's strategic priorities and objectives and sets out the key business objectives that will deliver them. The Plan is used for setting objectives and monitoring progress throughout the year and can be found on our website at <http://www.nas.gov.uk/about/plan.asp>.

The Strategic priorities are set for a three to four year period, are linked to the [Scottish Government National Performance Framework](#) and are reviewed annually.

Our Strategic Priorities for 2010 to 2013 are:

1. Ensure that core aims and functions of NAS are aligned with those of Scottish Government.
2. Ensure preservation of the nation's records so that citizens are aware of and enjoy their heritage
3. Increase our work on electronic records, both internally and across the Scottish public sector.

4. Balance onsite (including remote enquiries) and online facilities in order to provide the optimum level of service to the maximum number of customers.
5. Position ICT services in order to support evolving NAS business needs.
6. Improve the management of records by Scottish Government and the Courts in order to support good governance and the administration of justice.
7. Increase the use of NAS materials for learning purposes.

Key Business Objectives are normally set by Branch Heads and ratified by NAS management Board.

This year we had 44 Key Business Objectives. Of these:

- 17 were fully achieved
- 16 were partly / mostly or achieved to date

The merger of GROS and NAS had an impact on a number of these objectives, most particularly in relation to ICT development and public services planning. Others, involving partnership working with other organisations, have been subject to shifting priorities outside NAS. A summary of our performance against all Key Business Objectives can be found at **Annex A**.

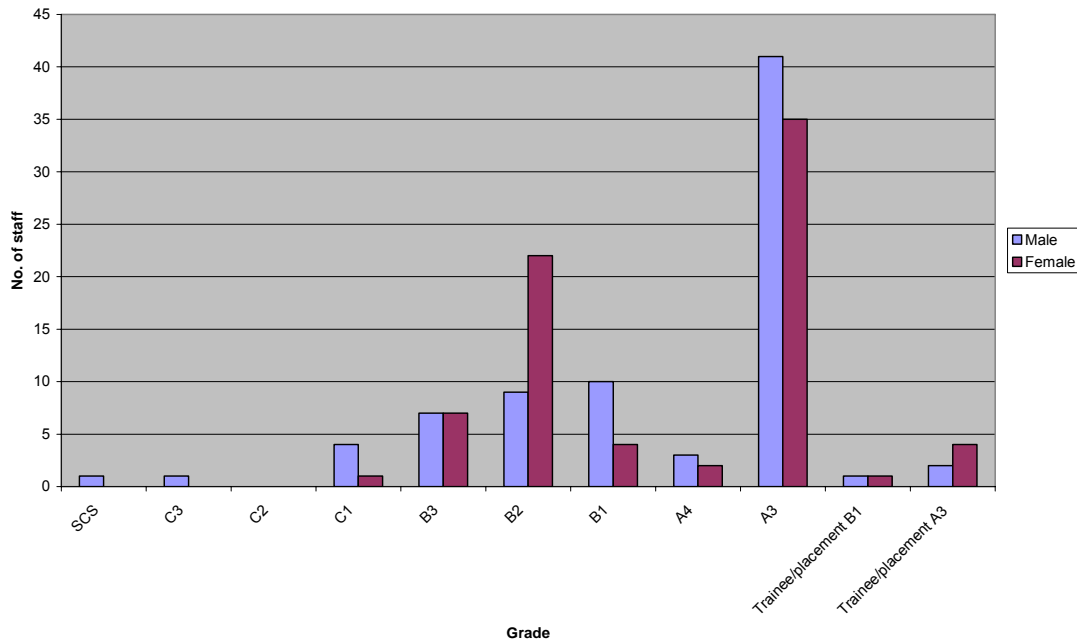
5. OUR PEOPLE RELATED PERFORMANCE

Our staff

We share a common pay and HR Service with the Scottish Government and our terms and conditions of service are the same as those of our SG colleagues.

Total Staffing

During the year we employed 146 permanent staff. We also employed 8 graduate trainees and student placement staff. The table below provides a breakdown of our staff numbers by grade and gender:



The most significant numbers of our staff are in Band A. The role of posts in this Band is to offer technical, specialist or advanced administrative support under the supervision of and in support of a more senior officer.

Band B2 is where our next highest staff numbers are. The majority of staff in this Band hold professional qualification in archives or conservation and all staff at this level have specialist knowledge of their area of work. They are able to exercise sound judgement in the application of regulations, practice and procedures or professional standards. They may have delegated responsibility for elements of work, where they are required to keep fully up-to-date with developments and provide professional support to posts in Band C or the Senior Civil Service (SCS).

Sick Absence

This table provides summary statistics on staff sick absences in NAS. Working days lost per staff year is 6.51 in 2010/11 and 23% of the total sick absence was long term sick absence (i.e. 21 working days or more). If long-term sick absence spells are removed from the analysis, the average length of spell is 2.3 days.

NAS STAFF SICK ABSENCE RATES			
	2008/2009	2009/2010	2010/2011
Average Working Days Lost per staff year	10.53	11.84	6.51
% of working days lost	4.6%	5.2%	2.8%
Total spells of absence	382	364	301
No of spells per staff year	2.45	2.42	2.18
Average days per spell	4.30	4.90	3.00
% of staff with no sick absence	29.2%	26.4%	31.6%

Employee Survey 2010

Our staff participated in the annual Employee Survey which was part of the Civil Service People Survey which covers over 100 UK Departments. The purpose of the survey is to obtain staff views about various aspects of working in the Scottish Government / National Archives of Scotland. It looks to identify what works well and what could be improved with a particular focus on employee engagement. It provides us with information that can help us develop appropriate action to make us a more effective organisation, recognising the acknowledged benefits of having an engaged workforce.

This year's survey had a 66% response rate from NAS staff. The replies to most of the questions were slightly more positive than in 2009, despite the Survey being carried out at a time of uncertainty; the outcomes of the Spending Review and the review of the possible amalgamation of NAS with the General Register Office for Scotland. The table below highlights some important responses and shows the comparison with our results from last year as well as this year's results in the SG and in the Civil Service as a whole:

Question	% positive reply		
	NAS (Difference from 2009)	SG	CS
"I feel that NAS as a whole is managed well" (question B40)	45 (↑ 24%)	45	41
"I have confidence in the decisions made by NAS' senior managers" (B44)	44 (↑24%)	43	36
"I feel that change is managed well in NAS" (B45)	33 (↑21%)	27	27
"I feel involved in the decisions that affect my work" (B04)	49 (↓ 2%)	59	49
"I am interested in my work" (B01)	89 (↓ 4%)	91	88
"I would recommend NAS as a great place to work" (B51)	34 (↑5%)	50	42

6. REVIEW OF THE YEAR

Public Records (Scotland) Act 2011

The Public Records (Scotland) Act 2011 received royal assent on 20 April 2011, following more than a year of preparatory work by NAS working with the Minister for Culture and External Affairs.

Following the Shaw Report into the abuse of children in care, which identified failures in the keeping of public records, it was decided that improvements were necessary. The Act aims to ensure better record-keeping by the public sector and to safeguard the rights of vulnerable people. It mainly relates to records created by public authorities, and those of their private contractors relating to the functions they are contracted to carry out.



Bruno Longmore and Hugh Hagan from the Public Records Bill Team, with Donald Campbell, conservator, who sealed the letters patent for the Act.

The first new public records legislation in Scotland for over 70 years now moves into an implementation phase led by the Keeper.

Release of Scottish Government files

In spring 2010 NAS opened 4,000 Scottish Government files, containing government papers from the years 1989 to 1994, following the decision by Scottish Ministers to reduce the closure on 'historical' records from 30 to 15 years under the Freedom of Information (Scotland) Act 2002. Together with earlier releases in 2009 this brought the total number of files released under this initiative to 12,000.

The latest releases included topics as diverse as the closure of the Ravenscraig steelworks, proposals to ban the drinking of alcohol in public places, the introduction of the triple vaccine for measles, mumps and rubella (MMR), the evaluation of methadone as a treatment for drug addiction, proposals to introduce Sunday ferry sailings to the Western Isles, and the nomination of Glasgow as European City of Culture. Worldwide media attention focused on a letter written by the chief constable of Inverness-shire in 1938, which appeared to confirm the existence of the Loch Ness Monster.

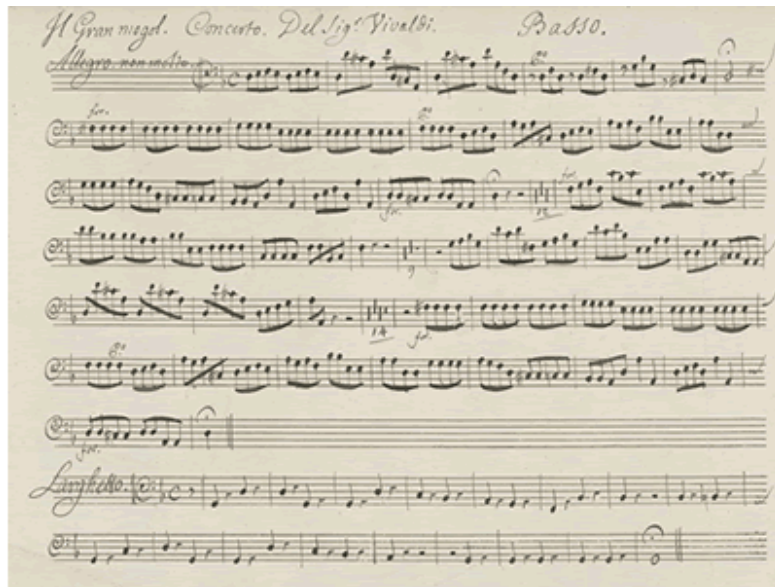
Education services

We created four new workshops for the NAS Schools Programme, and delivered 23 education workshops to 490 pupils, ranging from P3 – S6. We also set up the new NAS 'Glow Meet' service in partnership with Learning Teaching Scotland, which provides teachers and pupils across Scotland with access to our workshops, resources and expertise. In addition, 24 Glow Meet sessions reached 303 upper primary pupils.

Raising the profile of NAS

During 2010 two important discoveries were made in NAS collections that attracted very wide public attention to our work. A letter that vividly described Robert Burns one week before his death in July 1796 is a significant advance in knowledge of the poet. After the Minister announced its discovery in August it was displayed in a popular exhibition in West Register House. On Burns Day 2011, the discovery was the subject of a National Glow education event, for which almost 80 schools and about 2,500 pupils logged on across Scotland.

The second discovery was of a previously unknown flute concerto by Antonio Vivaldi, which caused global interest. The breadth of NAS's holdings was emphasised by our completion of a project to catalogue Military Appeals Tribunal records, part of our government records, which throw fascinating light on conscription in 1916 and the effects of the First World War on Scotland. Some of the personal stories were extensively covered in UK newspapers. The impact of war also featured in our commemoration of the 70th anniversary of the drowning of Scots-Italian internees on the SS *Arandora Star* in June 1940. In a special section added to our 'Open Secret' exhibition on Scottish government files, we focussed on the experiences of a few families. Using official documents and private papers to reveal some extraordinary stories was one of the constant themes during the year.



First page of the score to Vivaldi's 'Il Gran Mogol' (National Records of Scotland, GD40/15/54/2).

ANNEX A

PERFORMANCE AGAINST KEY BUSINESS OBJECTIVES

KEY BUSINESS OBJECTIVES	ACHIEVED?
1. We realise our full economic potential with more and better employment opportunities for our people	
1.1.1.1 By 31 March 2011, develop a strategic plan for achieving real reductions from 2011-2012 onwards, in line with expected spending review outcomes.	Achieved
1.1.1.2 By 31 March 2011, ensure that staff engage with the Strategic Plan priorities by means of Open Forums, away days and other channels of communication.	Achieved
1.1.1.3 By 31 August 2010, work with SG Finance Directorate to ensure that NAS accounts are produced and receive an unqualified audit opinion.	Achieved
1.1.1.4 By 31 March 2011, manage the NAS Operating Budget to ensure that final expenditure is within 1% of provision, and manage the Capital Budget to ensure that final expenditure is within 3% of provision.	Achieved
1.1.1.5 By 31 March 2011, introduce new workspace, with File Plan structure, on G:\drive to achieve corporate-wide information sharing and ensure the transfer of branch documents of corporate value from existing drives.	Not achieved
1.1.2.1 By 31 December 2010, upload and make available 12,000 Church Records images, around 50% of the total series, via the ScotlandsPeople website.	Not achieved
1.1.2.2 By 31 July 2010, develop a marketing plan with ScotlandsPeople partners to increase use of the ScotlandsPeople Centre and all of its facilities.	Partly achieved
1.1.2.3 By 31 March 2011, expand the ScotlandsImages online image library with a further 1200 NAS images and engage at least one new partner to the consortium.	Not achieved
1.1.3.1 By 31 March 2011, work with GROS and local archive colleagues to provide access to ScotlandsPeople facilities in 3 local family history centres.	Partly achieved
1.1.4.1 By 30 June 2010, create a set of competencies for archivists, to support their Continued Professional Development.	Partly achieved
1.1.4.2 By 31 March 2011, design and provide a customer care course for staff who deal with the public to help us in our aim for NAS to provide an excellent customer experience. ¹	Achieved
1.1.4.3 During the year to meet our equality duty by publishing annual reports by due dates. ²	Achieved
1.1.4.4 By 31 December 2010, run a series of lunchtime	Achieved

¹ This objective originally read: "By 30 September 2010, run a programme of customer care courses to help us in our aim for NAS to provide an excellent customer experience and ensure that 50% of all staff attend". However this objective was changed by GROS Development Services, which supplies these services to NAS.

² This objective originally read: "By 31 December 2010, meet our customer obligations by creating an all-embracing scheme to cover all our equality duties". However this objective was changed by GROS Development Services, which supplies these services to NAS.

seminars on topics of interest to NAS staff.	
1.1.5.1 By 31 October 2010, continue to work with RCAHMS to expand the ScotlandsPlaces project by adding at least two new partners.	Partly achieved
1.1.5.2 By 31 May 2010, agree with GROS a Memorandum of Understanding on managing accommodation, including preservation advice on record storage and historical artefacts.	Not achieved
2. We take pride in a strong, fair and inclusive national identity.	
2.1.1.1 By 31 March 2011, fulfil statutory obligation of Keeper to accept transmission of court and other records in accordance with agreed schedules.	Achieved
2.1.1.2 By 31 March 2011, work with Scottish Court Service and other stakeholders to agree a policy on selection of court records and future deposit agreements, in order to manage NAS holdings.	Partly achieved
2.1.2.1 By 31 December 2010, establish working group to develop possible bid for the addition of Declaration of Arbroath to the UNESCO Memory of the World International Register.	Achieved to date
2.1.2.2 By 30 September 2010, establish a plan and commence cataloguing of the non-Canadian diplomatic papers of the 8th Earl of Elgin at Broomhall in agreement made with Library and Archives Canada to raise awareness of the shared Canadian-Scottish heritage.	Achieved
2.1.2.3 By 31 December 2010, develop plan for exhibition of significant documents held outside Scotland, particularly relating to Wallace.	Achieved to date
2.1.2.4 By 31 March 2011, identify burgh and church records for transmission to Borders Archive at Hawick, conclude charge and superintendence agreement, and effect transfer.	Achieved
2.1.3.1 By 31 December 2010, establish a long term plan for record locations across NAS sites in order to maximise storage efficiency, improve public access and minimise record movements, and support changes in search room organisation.	Achieved to date
2.1.3.2 By 30 June 2010, publish a Digitisation Imaging Plan setting out NAS' future electronic imaging programmes and priorities.	Partly achieved
2.1.3.3 By 31 March 2011, work with GROS to ensure NAS has sufficient accommodation for record storage for the following five years.	Not achieved
2.2.1.1 By 31 December 2010, develop an action plan based on the DDA scoping study covering greater engagement with Scottish Government and public authorities and a range of new strategic partners in digital preservation.	Partly achieved
2.2.1.2 By 31 March 2011, implement live running of the NAS Digital Data Archive, input GRB legacy data and train curatorial and administrative staff DDA users.	Not achieved
2.2.1.3 By 31 March 2011, conduct comparative study of selected SG business area with high eDRM user compliance,	Not achieved

to assess quality and continuity of the records created between paper and e-files to test issues affecting transfer of digital records.	
2.2.1.4 By 31 March 2011, drawing on the outcomes of the DDA scoping study, the review of public records legislation and the comparative study of eDRM, prepare a report for senior management in Scottish Government on records and information policy.	Not achieved
3. Our public services are high quality, continually improving, efficient and responsive to local people's needs.	
3.1.1.1 By 30 June 2010, plan arrangements for future operation of the Scottish Register of Tartan and its promotion to the tartan industry and the public.	Achieved to date
3.1.1.2 By 31 August 2010, publish a Corporate Applications and Business Innovation Development Statement, setting out a detailed strategy framework for the development of existing and new applications software solutions, including the introduction of an integrated customer search and information delivery system.	Partly achieved
3.1.1.3 By 31 March 2011, complete the digitisation of a further 20,000 Sasine volumes as part of the on-going RAC project, delivering reductions in physical legal business related orders by providing electronic access to these records.	Achieved
3.1.1.4 By 31 March 2011, create a new Scottish Criminal Cases Index unrestricted parts of which will be searchable online.	Achieved
3.1.2.1 By 31 December 2010, produce plan for future public services to be implemented by 31 March 2011.	Not achieved
3.2.1.1 By 31 January 2011, refresh the NAS IT servers and desktop software to ensure that NAS has the infrastructure in place to deliver its business strategies and operational requirements.	Partly achieved
3.2.1.2 By 31 March 2011, complete an assessment of energy and supporting costs in order to reduce the NAS (IT related) carbon footprint by at least 25%.	Achieved
3.2.1.3 By 31 July 2010, implement the enhanced IT systems contingency solutions specified in the NAS ICT Business Continuity Plan; to align the ICT Business Continuity Plan with the NAS Risk Register to improve and enhance the effectiveness of NAS' contingency management mechanisms.	Achieved
3.3.1.1 By 31 March 2011, support Ministerial decision on legislative framework for public records.	Achieved
3.3.2.1 By 31 May 2010, manage media event for Ministers to mark the release of Scottish Government files more than 15 years old to the public.	Achieved
3.3.2.2 By 31 March 2011, conclude review of s.61 Code of Practice with Scottish Government Freedom of Information unit to improve compliance by Scottish public authorities.	Achieved
3.3.2.3 By 31 March 2011, work with the Scottish Court Service to establish which court records contain sensitive personal information and what access restrictions should be	Partly achieved

applied to these.	
3.3.3.1 Within two months of the Lord President's Experts Group on Records reporting to the Lord President, produce a follow-up paper for discussion with the Lord President and Scottish Court Service, in order to build on LPEG's recommendations and retain existing momentum for recordkeeping improvements in the courts.	Not achieved
4. Our young people are successful learners, confident individuals, effective contributors and responsible citizens.	
4.1.1.1 By 31 March 2011, complete the catalogue for the Melrose charters collection (GD55) to support the Paradox of Medieval Scotland website as a national Higher Education teaching resource.	Not achieved
4.1.1.2 By 31 March 2011, upgrade the content of the Scottish Archives for Schools website in order to achieve a measurable increase in use by schools and learners.	Partly achieved
4.1.1.3 By 31 March 2011, deliver 25 school workshops and run a GLOW/Videoconference service for teachers and primary and secondary school pupils, to support Curriculum for Excellence and National Qualifications.	Partly achieved



Accounts for the year ended 31 March 2011

The Accountable Officer has authorised these accounts for issue on **x** September 2011.

SG/2011/XX

THE NATIONAL ARCHIVES OF SCOTLAND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

These accounts reflect the assets and liabilities and the results of the National Archives of Scotland only.

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THE NATIONAL ARCHIVES OF SCOTLAND

FOREWORD TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

Basis of Accounts

1. In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual (FRoM), which follows generally accepted accounting practice as defined in International Financial reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The accounts direction is reproduced at page 34 of these accounts.

Brief History

2. The NAS (formerly the Scottish Record Office) was established on 1 April 1993 as an Executive Agency. It is headed by the Keeper of the Records of Scotland who is responsible to the Minister for Culture and External Affairs for its management, performance and future development, within the terms of the Framework Document which defines the terms and relationships within which NAS operates.

3. NAS is responsible for the selection, preservation and making available the national archives of Scotland to the highest standards; promoting the growth and maintenance of proper archive provision throughout the country; and leading the development of archival practice in Scotland.

4. Since 1982, The NAS has had common arrangements with the Scottish Office and subsequently the Scottish Government for the provision of human resource and finance functions. The NAS is part of Scottish Government main bargaining unit for pay and conditions of service.

5. Following a review of opportunities for amalgamating with other public bodies, a proposal to merge the National Archives of Scotland (NAS) with the General Register Office for Scotland (GROS) was approved by Ministers. This resulted in the creation on 1 April 2011 of a Non-Ministerial Department with the new name of the National Records of Scotland.

Departmental Accounting Boundary

6. There are no associated bodies that require to be included within the departmental boundary.

Principal Activities

7. The mission of the NAS is:

To preserve, protect and promote the nation's records; to provide the best possible inclusive and accessible archive that educates, informs and engages the people of Scotland and the world.

8. Our principal activities, based on the mission, are:

- to select public records worthy of permanent preservation; acquire other historical records of national importance, and make suitable arrangements for the disposal of other material including transfer to another appropriate repository;
- to preserve to archival standards all records selected for permanent preservation in the NAS;
- to increase sustainable public access to the records;
- to provide advice to custodians of records outwith the NAS, and facilitate access to such records;
- to take the lead in the development of archival and records management practice in Scotland; and
- to deploy the resources available to the NAS in the most effective and efficient manner.

Review of Financial Results

9. The results for the year are reported in the attached accounts. They record a Net Resource Outturn of £7.1m, compared to the Resource Budget of £7.5m. The underspend was mainly derived from the reduction in staff numbers and increased income.

10. Capital expenditure was £2.8m compared to a Capital Budget of £2.5m. This followed agreement that we could allocate some of the additional income received toward capital. The resulting NAS net underspend was £0.2m.

11. Looking forward to 2011-12, the NAS and GROS Budgets will be formally merged into a single one for National Records of Scotland. A new enlarged Management Board and Audit Committee have been created with membership from the previous bodies to maintain continuity. Formal post control measures are now in operation to cap staffing costs. Accommodation costs are being kept under strict control through regular meetings with our Facilities Management contractor.

12. We face a much tighter financial settlement in 2011-12 and subsequent years. To plan for this, we have been undertaking a strategic review of our business and organisational structure. This will inform where resources are allocated in the archives and records side of the business in the new organisation.

Departmental Report

13. The Scottish Government published a Departmental Report that includes a section on The National Archives of Scotland. This contains information that is additional to that shown in

these accounts. The Departmental Report sets out the performance for the last complete financial year and the plans for the next three years. NAS worked during the year to support the government's purpose and in particular:

- worked with the Minister for Culture and External Affairs to ensure the Public Records Scotland Bill was passed by the Scottish Parliament, in order to promote better record keeping by the public sector and safeguard the rights of vulnerable people;
- evaluated the case for merger, then worked with GROS to create National Records of Scotland as part of the government's simplification of the public sector;
- established a new E-Records Unit to gather electronic records and digital preservation advice and guidance and to input into the Digital Strategy for Scotland;
- worked with colleagues at ScotlandsPeople to raise awareness of the release of the 1911 Census records in April 2011;
- released 4,000 Scottish Government files following the decision by Scottish Ministers to reduce the closure on 'historical' records from 30 to 15 years under the Freedom of Information (Scotland) Act 2002. Together with earlier releases in 2009 this brought the total number of files released under this initiative to 12,000;
- added 199 new registrations to the Scottish Register of Tartans, including the St Ninians Day Tartan created in honour of the visit to Scotland of Pope Benedict XVI in September;
- created 600,000 images from our Valuation Rolls record series;
- continued to work with Registers of Scotland to digitise paper records and provide a more efficient service to the legal profession and property market;
- created four new workshops for the NAS Schools Programme, and set up the new NAS Glow Meet service which provides teachers and pupils across Scotland with access to our workshops, resources and expertise.
- delivered 23 education workshops to 490 pupils, ranging from P3 – S6, delivered 24 Glow Meet sessions to 303 upper primary pupils and delivered a National Glow event on Burns' Day, 25 January 2011, featuring a letter written by John Mitchell, Collector of Excise, describing Robert Burns visit to Dumfries to collect his salary shortly before his death in July 1796. A total of 77 schools and about 2460 pupils logged on across Scotland to see the document and hear about its discovery;
- provided direct access to historical records to over 11,000 visitors, answered 7,200 inquiries by email and phone and reached nearly 1.8 million people through its historical websites. In addition our partnership site ScotlandsPlaces received more than 780,000 visits in 2010-11.

Ministers and Senior Officers

14. The Scottish Government Minister responsible for the National Archives of Scotland is:

Cabinet Secretary for Culture and External Affairs – Fiona Hyslop MSP

15. The NAS Management Board is comprised of two executive members and two non-executive members. The executive members are permanent civil servants. The Non-Executive Directors were appointed after open recruitment, based on expertise in finance and archives.

Executives:

Mr George MacKenzie, Keeper of the Records of Scotland; and
Mr David Brownlee, Deputy Keeper of the Records of Scotland.

Non-Executive Directors:
Mr Frank Manson; and
Professor Michael Moss.

Remuneration Report

16. The Keeper of the Records of Scotland holds a statutory office and as such the relationship between Scottish Ministers and NAS differs from that of other Executive Agencies. The Cabinet Secretary for Culture and External Affairs answers to Parliament for the functions of NAS but receives no specific remuneration in that regard.

17. The Keeper of the Records of Scotland's remuneration is set by Scottish Ministers.

18. For all other staff remuneration was determined by pay arrangements covering staff in The Scottish Government and Associated Departments.

19. The salary and pension entitlements of the National Archives of Scotland Management Group were as follows:

	Salary Including Performance Pay	Real Increase in pension at age 60	Total Accrued pension at 60 as at 31/3/11 and related lump sum	CETV at 31 March 2011	CETV at 31 March 2010	Real increase in CETV after adjustment for inflation and changes in market investment factors	Benefits in Kind
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
G.P. MacKenzie Keeper of the Records of Scotland	65-70	0-0.5	30-35 90-95	725	688	0	0
D.B.L. Brownlee Deputy Keeper of the Records of Scotland (retired 31 March 2011)	65-70	0-0.5	30-35 90-95	718	655	10	31
F Manson Non-Executive Director	0-5	0	0	0	0	0	0
M Moss Non-Executive Director	0-5	0	0	0	0	0	0

Salary

20. 'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office

allowances and any other allowance to the extent that it is subject to UK taxation. Remuneration for Non-Executive Directors is based on the daily attendance rate set by the Scottish Government for public appointments.

Civil Service Pensions

21. Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

22. Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement. For premium benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

23. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

24. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium classic plus and 65 for members of nuvos.

25. *Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.*

Cash Equivalent Transfer Values

26. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangements to secure

pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

27. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETV's are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

28. This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market factors for the start and end of the period.

Benefits in kind

29. The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Employment of People with Disabilities

30. The National Archives of Scotland follows the Civil Service Code of Practice on the employment of people with disabilities. This aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement within NAS is based solely on ability, qualifications and suitability for the work. As required by the Disability Discrimination Act 1995, we have published our Gender Equality Scheme on our website.

Staff Relations and Equal Opportunities

31. The National Archives of Scotland is an equal opportunities employer. Policies are in place to guard against discrimination and aim to ensure that there are no unfair or illegal discriminatory

barriers to employment or advancement in the National Archives of Scotland and the wider Scottish Government.

32. The Cabinet Office is responsible for developing, formulating and promulgating equal opportunities for the civil service as a whole, but operational responsibility rests with individual departments. The Scottish Government has an Equal Opportunities Officer who is responsible for developing and promulgating equal opportunities policies and acting as an inter-departmental liaison officer with the Cabinet Office.

33. The Scottish Government Equal Opportunities policy states that all staff should be treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disablement or religion. Employment and promotion are solely on merit. Staff who have alternative working patterns are assessed on exactly the same basis as those working full time.

34. As required by the Race Relations (Amendment) Act 2000 we have published our Race Equality Scheme on our website. Similarly, as required by the Equality Act 2006, we have published our Gender Equality Scheme on our website.

Payments of Suppliers

35. In line with Scottish Government policy, NAS requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract (normally 30 days). In November 2008, Scottish Ministers reduced the target for payment from 30 days to 10 days to help small and medium sized businesses during the economic slowdown.

36. NAS aims to pay 100% of invoices, including disputed invoices once the dispute has been settled on time. During the year ended 31 March 2011 NAS paid 99.4% (2010 - 97%) within the 10 days target of all invoices within the terms of its payment policy.

Related Parties

37. The Scottish Government is regarded as a related party with which the National Archives of Scotland has had various material transactions during the year.

Auditors

38. The accounts of The National Archives of Scotland are audited by auditors appointed by the Auditor General for Scotland.

Disclosure of Information to Auditors

39. As Accountable Officer, I am unaware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also made aware of this information.

Audrey Robertson
Accountable Officer
September 2011

STATEMENT OF KEEPER OF RECORDS OF SCOTLAND'S AND ACCOUNTABLE OFFICER'S RESPONSIBILITIES

In accordance with an accounts direction issued under article 19(4) of The Public Finance and Accountability (Scotland) Act 2000 the National Archives of Scotland is required to prepare resource accounts for each financial year in the form and on the basis set out in the FReM, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Archives of Scotland, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the NAS was required to comply with the FReM and in particular to:

- observe the accounts direction including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis; and
- make available all the information and explanations required by our appointed external auditors for their audit.

Section 70 of the Scotland Act 1998 requires Scottish legislation to provide for members of staff of the Scottish Administration to be designated as answerable to the Scottish Parliament in respect of expenditure and receipts. Such members of staff are called Accountable Officers. The Keeper of the Records of Scotland is a statutory office-holder who is a member of the Scottish Administration and not part of the staff of the Scottish Administration. A consequence of Section 70 is that the Keeper cannot be designated as Accountable Officer. The Deputy Keeper has been appointed by the Principal Accountable Officer as Accountable Officer.

The Keeper, as statutory office-holder, remains accountable to the Parliament for the performance of his duties, including that of preparing accounts. The Accountable Officer has a separate, and independent, duty to ensure certain standards and to take action if these are not met.

The responsibilities of the Accountable Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records and for safeguarding the Department's assets, are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer.

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accountable Officer for the National Archives of Scotland, I have the responsibility for maintaining a sound system of internal control that supports the achievement of our Department's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible.

The Keeper of the Records of Scotland is a statutory office-holder within the Scottish Administration and, as such, cannot be the Accountable Officer for our Department. As Head of Corporate Services I have this role, and I am personally answerable to the Scottish Parliament in accordance with Section 15 of the Public Finance and Accountability (Scotland) Act 2000.

I must ensure that our Department operates in accordance with the Scottish Public Finance Manual (SPFM) which is issued by the Scottish Ministers to provide guidance to the Scottish Executive and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements; to promote value for money and high standards of propriety; to secure effective accountability; and to deliver a good system of internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve 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 ongoing process designed to identify and prioritise risks to the achievement of our policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. This process is integral to our business planning and progress monitoring regime; it accords with the SPFM; and it has been in place for the year ended 31 March 2011, and up to the date of approval of the annual accounts. The supervision of the regime is undertaken by the executive managers of business areas within our Department.

Control and Risk Framework

The NAS Corporate Plan is the key document used in our Department for setting objectives and monitoring progress throughout the year. The Plan forms the basis for all subordinate planning and objective setting, and is available to all staff on our Intranet. Our business planning and review is based on:-

- identifying outcomes and setting objectives and targets at appropriate levels to deliver these outcomes;
- identifying and managing risks, including information risks;

- agreeing an annual budget with our Management Board and regularly reviewing income and expenditure with business area managers;
- regularly reviewing progress, performance, risk and financial status at Management Board; and
- where appropriate, using formal project management disciplines, including risk management, to manage capital investments and other major activities.

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. Risk management is an important part of our office-wide programme management regime and is also applied in key stand-alone projects. Each major project has its own risk register.

Our Audit Committee meets at least three times each year and considers reports from Internal Audit and External Audit. The Audit Committee also reviews key risks selected from our corporate risk register. The Keeper of the Records, Accountable Officer and NAS Finance Manager attend all meetings, as do representatives from SG Finance, Internal and External Audit.

Review of Effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. I have reviewed these processes and satisfied that controls are in place

My review was informed by:-

- the executive managers within our Department who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to me, and our Department's Audit Committee, regular reports on the adequacy and effectiveness of our Department's system of internal control, together with recommendations for improvement;
- attendance at Audit Committee and feedback from Committee members;
- the comments made by the external auditors in their management letters and other reports;
- the results of Gateway Reviews on our main programme of work; and
- others specific reviews that are commissioned from time to time.

We rely on the Scottish Government (SG) for the provision of many important aspects of our corporate services. For example, most of our Human Resource related support comes from the SG's 'OneHR' service. I receive assurances on the robustness of these services from the SG Directors who are responsible for their delivery.

Appropriate actions have and will continue to be taken to address any weaknesses that have been identified.

I am satisfied that during the year the system of internal control was effective in helping us meet our Department's policies, aims and objectives.

Audrey Robertson

Accountable Officer

September 2011

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

We have audited the financial statements of The National Archives of Scotland for the year ended 31 March 2011 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010/11 Government Financial Reporting Manual (the 2010/11 FReM).

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 123 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 the Keeper of the Records of Scotland, the Accountable Officer and auditor

As explained more fully in the Statement of Keeper of the Records of Scotland and Accountable Officer's Responsibilities, set out on page 10, the Accountable Officer 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 receipts. 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 receipts.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts 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. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements 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 the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2011 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

In our opinion in all material respects:

- the expenditure and receipts in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary included in the Annual Report 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 to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited 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 Statement on Internal Control does not comply with Scottish Government guidance.

We have nothing to report in respect of these matters.

Grant Thornton UK LLP
1/4 Atholl Crescent
EDINBURGH
EH3 8LQ

September 2011

**The National Archives of Scotland
Operating Cost Statement for the Year Ended 31 March 2011**

	2010-11			2009-10
	Outturn £000	Budget £000	Variance £000	Outturn £000 (Restated)
Staff Costs (note 2)				
Directly Employed Staff	3,272	3,350	78	3,203
Casual Staff Costs	254	250	(4)	287
Other Staff Costs	995	972	(23)	850
Administration Expenditure				
Accommodation	1,276	1,256	(20)	1,683
Travel	27	26	(1)	29
Supplies & Services	1,353	1,364	11	1,251
Training	31	35	4	35
Hospitality	2	8	6	10
Depreciation	817	850	33	920
Release from Donated Asset Reserve	(62)	0	62	(94)
Auditors Remuneration	63	65	2	65
NCR Business Archive grant	11	25	14	25
Administration Income				
Accommodation Charges	(82)	(90)	(8)	(87)
Fees & Charges	(864)	(610)	254	(1,093)
Net Operating Cost	7,093	7,501	408	7,084

The notes on pages 21 to 33 form part of these accounts

**The National Archives of Scotland
Balance Sheet as at 31 March 2011**

	Note	2010-11 £000	2009-10 £000
Non-Current Assets			
Property, plant & equipment	7	12,403	11,614
Intangible Assets	7	4,525	3,210
		16,928	14,824
Current Assets			
Inventories	9	16	16
Trade and other receivables	10	250	549
Cash and cash equivalents	11	4	6
		270	571
Total Assets		17,198	15,395
Current Liabilities			
Trade and other payables	12	1,082	580
		1,082	580
Non-Current Assets Plus/Less Net Current Assets/Liabilities		16,116	14,815
Non-Current Liabilities			
Provisions for Liabilities and Charges	13	282	90
Net Assets/Liabilities		15,834	14,725
Taxpayers' Equity			
General Fund		12,358	11,314
Revaluation Reserve		2,761	2,634
Donated Assets Reserve		715	777
Total Taxpayers' Equity		15,834	14,725

The notes on pages 21 to 33 form part of these accounts

Audrey Robertson
Accountable Officer
September 2011

The National Archives of Scotland
Statement of Cash Flows for the year ended 31 March 2011

	Note	2010-11 £'000	2009-10 £000 (Restated)
<u>Cash flows from operating activities</u>			
Net operating cost		7,093	7,084
<u>Adjustments for non cash transactions</u>			
- depreciation	7	(817)	(920)
- release from donated asset reserve		62	94
- audit fee		(63)	(65)
<u>Movements in working capital</u>			
- Movement in inventories		0	16
- Movement in trade and other receivables		(299)	58
- Movement in trade and other payables		(502)	(56)
- Movements in provisions		(192)	15
Net cash outflow from operating activities		5,282	6,226
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	7	1,393	453
Purchase of intangible assets		1,400	1,637
Net cash flow from investing activities		2,793	2,090
<u>Cash flows from financing activities</u>			
Funding		8,073	8,316
Net cash flow from financing		(8,075)	(8,316)
<u>Net increase/(decrease) in cash and cash equivalents</u>		(2)	0
Cash and cash equivalents at beginning of period	11	6	6
Cash and cash equivalents at end of period	11	4	6

The notes on pages 21 to 33 form part of these accounts

Note: The exact sum of parliamentary funding drawn during 2010-11 was £8,073,033.59

The National Archives of Scotland
Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2011

	General Fund £'000	Donated Asset Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Net operating cost for the year	(7,093)	0	0	(7,093)
Net gain of revaluation of PPE	0	0	127	127
Net gain on revaluation of intangibles	0	0	0	0
Total Comprehensive Expenditure for year	(7,093)	0	127	(6,966)

Statement of Changes in Taxpayers' Equity for year ended 31 March 2011

	General Fund £'000	Donated Asset Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2010	11,314	777	2,634	14,725
Net Gain/(loss) on revaluation of property	0	0	127	127
Release of reserves to operating cost statement	0	(62)	0	(62)
Non cash charges - auditors remuneration	63	0	0	63
Transfer between reserves				
Net operating cost for the year	(7,093)	0	0	(7,093)
Net funding	8,074	0	0	8,074
Balance at 31 March 2011	12,358	715	2,761	15,834

The notes on pages 21 to 33 form part of these accounts

**The National Archives of Scotland
Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2010**

	General Fund £'000	Donated Asset Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Net operating cost for the year	(7,084)	0	0	(7,084)
Net gain of revaluation of PPE	0	0	201	201
Net gain on revaluation of intangibles	0	0	0	0
Total Comprehensive Expenditure for year	(7,084)	0	201	(7,285)

Statement of Changes in Taxpayers' Equity for year ended 31 March 2010

	General Fund £'000	Donated Asset Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2009	9,830	871	2,620	13,321
Net Gain/(loss) on revaluation of property	0	0	201	201
Release of reserves to operating cost statement	0	(94)	0	(94)
Non cash charges - auditors remuneration	65	0	0	65
Transfer between reserves	187	0	(187)	0
Net operating cost for the year	(7,084)	0	0	(7,084)
Net funding	8,316	0	0	8,316
Balance at 31 March 2010	11,314	777	2,634	14,725

The notes on pages 21 to 33 form part of these accounts

NATIONAL ARCHIVES OF SCOTLAND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

1. Statement of Accounting Policies

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these accounts have been prepared in compliance with the principles and disclosure requirements of the Government Financial Reporting Manual. The 2009-10 FReM applies International Financial Reporting Standards, as adapted or interpreted for the public sector context.

Change of Accounting Policy – Prior Year Adjustments

Under the Clear Line of Sight Project, HM Treasury have removed the cost of capital charge from 1 April 2010. The removal of the cost of capital charge is a change in accounting policy under IAS 8. Applying paragraph 31 of IAS 1, and noting that the removal of cost of capital has no effect on the balance sheets, a specific disclosure is not required. The impact on the outturn in 2009-10 is a reduction of £460,000. Relevant statements and notes have been restated accordingly.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets associated with land and buildings at their value to the business by reference to their current costs. Other asset classes are carried at depreciated historical cost.

1.2 Basis of Accounting

These accounts reflect the assets and liabilities and the results for the year of The National Archives of Scotland.

1.3 Non Current Assets – Property, Plant & Equipment

Title to the freehold land and buildings shown in the accounts is held as follows:

- i) property on the departmental estate, title to which is held by Scottish Ministers (Thomas Thomson House);
- ii) property, not being part of the departmental estate, held by the National Archives of Scotland in the name of the Scottish Ministers (General Register House).

The accounts also reflect property held on a long term lease from the City of Edinburgh Council (West Register House).

Freehold land and buildings are shown at fair value (existing use basis) less subsequent depreciation using professional valuations every 5 years and appropriate reviews in intervening years. Other non-current assets are shown at historic cost net of depreciation, as a proxy for fair value. Other tangible assets, excluding IT systems were previously stated at current cost using appropriate indices, however, this practice ceased at the beginning of the 2007-08 financial year and they are now carried at historic cost. Generally, the minimum level

for capitalisation of a tangible fixed asset is £1,000.

The National Archives of Scotland hold a number of items such as portraits, furniture and shelving. These assets are regarded as non-operational heritage assets as they relate directly to the cultural and historical development of the National Archives of Scotland from the 18th century to the present day. These assets have not been capitalised as it is not practicable to obtain a reliable valuation.

1.4 Depreciation

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives. Asset lives are normally in the ranges:

Freehold buildings	30 to 50 years
Equipment & computers	3 to 10 years
Fixtures & Fittings	10 to 20 years
Furniture	10 years
Vehicles	5 to 10 years

1.5 Donated assets

Donated tangible fixed assets are capitalised at their valuation on receipt, and this value is credited to the donated assets reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Operating Cost Statement.

1.6 Intangible Assets

Purchased software is valued on a historic cost basis. Amortisation is applied at rates calculated to write off the valuation of purchased software by equal instalments over its estimated useful life. Where appropriate, salary costs relating to capital projects are capitalised and depreciated in line with the asset created. Major digitisation projects are capitalised on the basis that they will provide future revenue streams and written down over 60 years.

Purchased Software	3 to 10 years
Digitised Images	60 years

1.7 Third Party Assets

The National Archives for Scotland holds as custodian or trustee certain assets belonging to third parties. These are not recognised in the accounts since neither the National Archives nor government more generally has a direct beneficial interest in them.

1.8 Research and Development

Expenditure on research and development has been treated as an operating cost in the year in which it is incurred. Fixed assets acquired for use in research and development are depreciated over the life of the associated research project or according to the asset category if the asset is to be used for subsequent production work.

1.9 Operating Income

Operating income is income that relates directly to the operating activities of The National Archives of Scotland. It includes fees and charges for services provided, on a full cost basis, to external customers.

1.10 VAT

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.11 Grants

Grants payable or paid are recorded as expenditure in the period in which the recipient carries out the activity which creates the entitlement. Where necessary obligations in respect of grant schemes are recognised as liabilities.

1.12 Capital Charges - Change of Accounting Policy

HM Treasury, under the Clear Line of Sight (Alignment Project) removed the cost of capital charge from budgets and accounts from 1st April 2010. The cost of capital charge is therefore no longer applicable.

1.13 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. National Archives of Scotland recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

2. Staff Numbers

	2010-11			2009-10
	Temporary	Permanent	Total	Total
	w.t.e.	w.t.e.	w.t.e.	w.t.e.
To select records for permanent preservation	0	20.3	20.3	21
To preserve records to archival standards	0	24.1	24.1	25
To promote and provide public access to records	20.3	74.1	94.4	99
To provide advice and support to record holders	0	11.0	11.0	12
To lead development of archival practice	0	8.0	8.0	8
	20.3	137.5	157.8	165

The aggregate payroll costs of these persons were as follows:

	Officials £000	Ministers £000	Special Advisers £000	Total 2010-11 £000	Total 2009-10 £000
Wages and salaries	3,272	0	0	3,272	3,567
Social Security costs	254	0	0	254	225
Pension & Other cost	995	0	0	995	548
TOTAL PAYROLL COSTS	4,521	0	0	4,521	4,340

For 2010-11 contributions of £511,173.64 were paid to the PCSPS at rates determined by the Government Actuary and advised by the Treasury. These rates were in the range 12-20% of pensionable pay. The above totals include the w.t.e. of 2 staff, (£45k) on the centrally managed budget. Where appropriate, salary costs relating to capital projects are capitalised and depreciated in line with the asset created. Major digitisation projects are capitalised. Staff costs amounting to £586k (2009-10 : £622k) were capitalised during the year and are not included in the above table. Capitalised staff costs were based on estimated staff time spent on digitising activities multiplied by average hourly rates.

MINISTERIAL RESPONSIBILITIES

The Cabinet Secretary Culture and External Affairs exercised these responsibilities, in the light of appropriate advice, by:

- allocating resources;
- approving the Framework Document and any revisions to it;
- approving the Corporate Plan; and
- setting targets and monitoring NAS's performance.

The Cabinet Secretary Culture and External Affairs received no specific remuneration for the exercising of her responsibilities in relation to the National Archives of Scotland.

3. Operating Expenditure

3a) Analysis of Programme Expenditure

	2010-11 £000	2009-10 £000
Business Archive Grants	11	25
Total Programme Outturn	11	25

3b) Administration Expenditure includes the following items:

	2010-11 £'000	2009-10 £'000 (Restated)
Depreciation	787	920
Audit fee	63	65

Total	850	985
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4. Operating Income

Income not applied (i.e. transferred to the Consolidated Fund) is analysed for resource budget purposes between that included in public expenditure and that which is not (Note 6).

4a) Operating income analysed by classification and activity, is as follows:

	2010-11 Total Income £'000	2010-11 Income Not Applied £'000	2010-11 Income Applied £'000	2009-10 Income Applied £'000
Administration income:				
Allowable within cost limit	0	0	0	0
Other:				
Fees and charges to external customers	946	0	946	1,180
Total Administration Income	946	0	946	1,180

There is no interest receivable falling to be reported within the accounts.

4b) Operating Income received from external and public sector customers analysed by services provided is as follows:

	Income Received £'000	Full Cost £'000	Surplus/ (Deficit) £'000
To select, preserve and make available the national archives of Scotland.	497	442	55

This reporting of income received on a segmental basis complies with the requirements of HM Treasury's "Fees and Charges Guide".

5. Reconciliation of Net Operating Cost to control total and Net Resource Outturn.

	2010-11	2009-10
	£'000	£'000
Net Operating Costs	7,093	7,084 (Restated)
<i>Less: Non-Supply expenditure/ income including income scored as Consolidated Fund Extra Receipts (CFER's)</i>	0	0
Net Resource Outturn	7,093	7,084
Of Which:		
Departmental Expenditure in DEL	7,501	10,447
Main Departmental Programmes in AME		

Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement. Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Department's Budget Document. The outturn against Budget is shown in the Operating Cost Statement.

6. Analysis of Capital Expenditure, Financial Investment and associated income

	Capital Expenditure £'000	Donated Assets £'000	Capital Income £'000	2010-11 Net £'000	2009-10 Net £'000
National Archives of Scotland	2,673	0	0	2,673	2,090

7. Property, Plant and Equipment

	Non Residential Buildings £'000	Other Structures £'000	Office Equipment £'000	Vehicles £'000	Equipment £'000	ICT Systems £'000	Fixtures & Fittings £'000	Heritage Assets £'000	Total £'000
<u>Cost or Valuation</u>									
At 1 April 2010	8,976	24	576	17	363	1,258	2,313	1,691	15,218
Additions	120	0	24	0	81	351	817	0	1,393
Revaluations	(218)	0	0	0	0	0	0	0	(218)
At 31 March 2011	8,878	24	600	17	444	1,609	3,130	1,691	16,393
<u>Depreciation</u>									
At 1 April 2010	0	0	543	16	114	1,008	1,730	193	3,604
Charged in year	345	2	19	1	31	109	156	68	731
Revaluations	(345)	0	0	0	0	0	0	0	(345)
At 31 March 2011	0	2	562	17	145	1,117	1,886	261	3,990
<u>Net Book Value</u>									
At 31 March 2011	8,878	22	38	0	299	492	1,244	1,430	12,403
At 31 March 2010	8,976	24	33	1	249	250	583	1,498	11,614

Basis of Valuation

All freehold land and buildings were valued independently as at 31st March 2011 by GVA Grimley, International Property Advisers, on the basis of existing use value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Non-residential buildings include West Register House. This property is held on a long-term lease against which a nominal sum is charged by the lessor.

7. (Cont'd)

Intangible Assets

	Digitised Images £'000	Computer Software £'000	Total £'000
<u>Cost or Valuation</u>			
At 1 April 2010	3,225	181	3,406
Additions	1,400	0	1,400
At 31 March 2011	4,625	181	4,806
<u>Amortisation</u>			
At 1 April 2010	42	154	196
Charged in year	62	24	86
At 31 March 2011	104	178	282
Net Book Value 2011	4,521	3	4,524
Net Book Value 2010	3,183	27	3,210

8. Movements in Working Capital other than Cash

	2010-11 £'000	2009-10 £'000
Increase in inventories	0	16
(Decrease)/Increase in trade and other receivables	(299)	58
(Increase)/decrease in trade and other payables	(502)	(56)
Total	(801)	18

9. Inventories

	2010-11 £'000	2009-10 £'000
Inventories	16	16
Total	16	16

10. Trade and other receivables

	2010-11 £'000	2009-10 £'000
Trade debtors	34	69
VAT	15	74
Prepayments and accrued income	0	281
Other debtors	158	82
Debtor with SG relating to donation	43	43
Total	250	549

There were no amounts falling due after more than one year.

11. Cash at Bank and in Hand

	2010-11 £'000	2009-10 £'000
At 1 April	6	6
Movement	(2)	0
At 31 March 2011	4	6

12. Trade and other payables

	2010-11 £'000	2009-10 £'000
Trade creditors	34	144
Employee Benefit accrual	166	166
Accruals and deferred income	882	270
Total	1,082	580

There are no amounts falling due after more than one year (31st March 2010 : nil).

13. Provisions for liabilities and charges

There is a provision for £282k for early retirement costs. This provision has increased by £192k from the balance carried forward from 1 April 2010.

Exit Packages 2010-11

	Number	Cost in 2010-11 £'000	Future Years' Costs £'000
Compensation Payments	0	0	0
Staff departing before 31 March 2011	10	95	217
Staff Departing before 31 July 2011	9	151	0
Total	19	246	217
Prior Year Exit Packages, with ongoing payments	2	14	65
Total	21	260	282

14. Capital Commitments

	2010-11 £'000	2009-10 £'000
Contracted capital commitments for which no provision has been made	0	0
Authorised but not contracted capital commitments for which no provision has been made	1,600	2,700
Total	1,600	2,700

15. Commitments under Operating Leases

There are no commitments under operating leases.

16. Other Commitments

There are no other commitments.

17. Contingent Liabilities

At 31 March 2011 there were a number of unquantifiable contingent liabilities. These relate to long term indemnity cover on various collections held on deposit by the National Archives of Scotland. Such collections are held for an unspecified time and remain under the ownership of the depositor. No new indemnities have been entered into during 2010-11.

18. Related party transactions

The National Archives of Scotland (formerly the Scottish Record Office) was established in 1 April 1993 as an Executive Agency. The sponsoring directorate of the Scottish Government is Economy, Europe, External Affairs and Culture Group.

The Scottish Government is regarded as a related party with which The National Archives of Scotland has had various material transactions during the year.

In addition, the National Archives of Scotland has had a small number of transactions with other government departments and other central government bodies.

The National Archives of Scotland, in the furtherance of its aims, was instrumental in setting up the Scottish Archive Network (SCAN) Ltd. SCAN Ltd is a company limited by guarantee which is undertaking the digitisation of archival records. This project is being undertaken with the support of the National Lottery Heritage Fund and involves a number of organisations within the archival community. SCAN Ltd is regarded as a related party with which The National Archives of Scotland has had various material transactions during the year.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with The Scottish Government during the year.

19. Financial Instruments

As the cash requirements of NAS are met through the Scottish Parliament's Budget Act process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The

majority of financial instruments relate to contracts to buy non financial items in line with NAS's expected purchase and usage requirements and NAS is therefore exposed to little credit, liquidity or market risk.

20. Segmental Analysis as at 31 March 2011

NAS is currently organised into two operating divisions:-

- **Corporate Services Division**
- **Record Services Division**

These have the following roles:

Corporate Services Division

- to support the work of NAS by providing finance, procurement, training and development and staffing based services, in liaison with the appropriate Scottish Government Divisions and the GROS Development Centre.
- to support the work of the Department by arranging the supply of appropriate information technology services, including voice and data communications.
- to develop the Department's information systems in line with the agreed ICT strategy, including the procurement and deployment of appropriate hardware, software and expertise.
- to develop ScotlandsPlaces, in partnership with the Royal Commission on the Ancient and Historical Monuments of Scotland (RCAHMS)
- to make available the records held by the National Archives of Scotland to the public, through the Historical and Legal Search Rooms.
- to provide access to records by all means possible, whether that is through direct access to the records, providing duplicates of original documents and by answering remote enquiries.
- to conserve and preserve the NAS collections.
- to advise for and prepare exhibitions and loans, monitor the environment of our stores, advise on handling and order packaging materials for NAS staff.
- to provide conservation and preservation advice and information to the public, the archive profession in Scotland and depositors and owners of privately held records.
- to support the ScotlandsPeople Centre, in conjunction with the General Register Office for Scotland and the Court of the Lord Lyon, by

providing access to images from a wide range of records, including births, marriages and deaths, census, genealogy, church and property.

- to be responsible for upkeep, maintenance and renovation of all the premises occupied by NAS, including responsible for the heating systems and cleaning. This is a shared facility in conjunction with the General Register Office for Scotland.

Record Services Division

- to administer all aspects of NAS responsibilities for court and legal records in Scotland, including records created by the Court of Session and the High Court of Justiciary (the Supreme Courts), the Sheriff Courts, Registers of Scotland, the Crown Office, and other bodies.
- to provide advice on court and legal records to NAS stakeholders, customers and staff.
- to select and catalogue records from the Scottish Government, Scottish Parliament and Government agencies.
- to provide advice on Records Management, Data Protection, Freedom of Information and Electronic Records to these clients, and shape NAS policy in these areas.
- to promote public access to the information in the records and increase multi media access to the records by producing exhibitions, publications and programmes for school visits.
- to support lifelong learning and social inclusion in education and the wider public domain.
- to have responsibility for the records of private depositors and some corporate bodies, and for the Church records collections. These are collections of records of national significance, the earliest of which date back to the 14th century.
- to work closely with owners and depositors of records to survey, catalogue and select records for permanent preservation and make records available for public access.

The table below analyses operating income and expenditure across all Divisions, including Senior Management.

Segmental Reporting of 2010-11 Outturn:

	Corporate Services £'000s	Record Services £'000s	Senior Management £'000s	Total £'000s
Staff Costs	2,881	1,411	229	4,521
Administration Expenditure	2,242	1,098	178	3,518
TOTAL EXPENDITURE	5,123	2,509	407	8,039
Administrative Income	(946)	0	0	(946)
TOTAL NET OPERATING COSTS	4,177	2,509	407	7,093
			<u>Note</u>	<u>Total £'000s</u>
Segmental Total Expenditure				9,216
<u>Adjust for Non-cash items:-</u>				
Depreciation			1.4	(787)
Auditor's Remuneration			3b)	(63)
<u>Adjust for Unallocated Centrally Managed Costs</u>				
Approved Early Retirements & Severances			13	(282)
Compensation Payment			13	0
Employee Benefits			12	0
Unposted Staff			2	(45)
Total Expenditure as per Operating Cost Statement				8,039
Segmental Total Income				(946)
Total Net Operating Costs as per Operating Cost Statement				7,093



NATIONAL ARCHIVES OF SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS
in accordance with section 19(4) of the Public Finance and

Accountability (Scotland) Act 2000

The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

The accounts shall be prepared so as to give a true and fair view of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 15 July 2002 is hereby revoked.

A handwritten signature in blue ink, appearing to read 'Alison Staffin', is written over a faint circular stamp.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006