

The background of the cover features a large, stylized number '2008' in a light grey color. The '2' and '0' are on the left, and the '0' and '8' are on the right. The '8' has two circular cutouts. The text is overlaid on the right side of the '2008' graphic.

THE  
LONDON  
LIBRARY

THE  
LONDON LIBRARY  
AND THE  
LONDON LIBRARY TRUST  
ANNUAL REPORTS AND  
FINANCIAL STATEMENTS  
2008-2009

# THE LONDON LIBRARY

## Opening Hours

**Mondays, Tuesdays and Wednesdays**  
9.30 am – 7.30 pm

**Thursdays, Fridays and Saturdays**  
9.30 am – 5.30 pm

## Closing Dates

The Library will be closed on the following inclusive dates:

### **2009**

#### **Christmas**

Thursday 24 December – Monday 28 December

### **2010**

#### **New Year's Day**

Friday 1 January

#### **Easter**

Friday 2 April – Monday 5 April

#### **May Bank Holiday**

Saturday 1 May – Monday 3 May

#### **Spring Bank Holiday**

Saturday 29 May – Monday 31 May

#### **Summer Bank Holiday**

Saturday 28 August – Monday 30 August

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### THE LONDON LIBRARY TRUST

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# TRUSTEES

(Note: numbers in brackets refer to membership of committees listed at the foot of this page)

## Chairman

Sir Thomas Legg KCB QC (to 31 March 2009) (5)  
Bill Emmott (from 1 April 2009)

## Treasurer

James Stitt FCA (4, 5)

## Other trustees serving throughout the year

Graeme Cottam (4)  
Belinda Harley (3)  
Jonathan Keates (1)  
Geoffrey Matthews (3)  
Sara Wheeler (1, 5)

Professor Anthony Grayling  
Terence Jagger CBE (2)  
Janey King (1)  
Charlotte Nassim (2)

## Trustees serving until 30 October 2008

George Loudon (3, 4), Tony McIntyre (2, 3, 5), Peter Ratzer (2), Mike Starkie (3, 4)

## Trustees serving from 30 October 2008

Kevin Murphy (2), Mark Storey (4), Jonathan Sumption QC, Sir Nicholas Underhill

## SENIOR STAFF

### Librarian (Chief Executive)

### Deputy Librarian

### Bursar

### Head of Development & Communications

### Accountant

### Head of Acquisitions

### Head of Buildings & Facilities Management

### Head of Current Cataloguing

### Head of Retrospective Cataloguing

### Head of IT

### Membership Administrator

### Head of Preservation & Stack Management

### Head of Reader Services

Inez T P A Lynn BA MLitt MCLIP  
Alison Sproston BA MCLIP  
Paul Hamlyn MA  
Lottie Cole MA

Tresa Stephens MA  
Gill Turner MA MCLIP  
Steve Metcalfe MBIFM MIET LCIBSE  
Claire Powell BA MCLIP  
Dunia García-Ontiveros BA MA MCLIP  
Will David MA MSc MCLIP  
Bridie Macmahon BA DiplLib  
Stella Worthington BA DiplLib  
Helen O'Neill BA MSc MCLIP

## Bankers

Barclays Bank plc  
1 Churchill Place, London E14 5HP

## Fund managers (to February 2009)

AllianceBernstein Ltd  
Devonshire House, 1 Mayfair Place, London W1J 8AJ

GMO UK Ltd  
One Angel Court, Throgmorton Street, London EC2R 7HJ

## Actuaries

BDO Stoy Hayward Investment Management Limited  
55 Baker Street, London W1U 7EU

## Solicitors

Clyde & Co (conveyancing)  
51 Eastcheap, London EC3M 1JP

Linklaters (contracts)  
One Silk Street, London EC2Y 8HQ

## Auditors

Moore Stephens LLP  
St Paul's House, Warwick Lane, London EC4M 7BP

## Fund managers (from March 2009)

Legal & General Investment Management Ltd  
One Coleman Street, London EC2R 5AA

## Fundraising Consultants:

Jane Kaufmann Associates  
Marley Edge, Marley Lane, Haslemere, Surrey GU27 3PU

Bates Wells & Braithwaite (charity law)  
2-6 Cannon Street, London EC4 6YH

## INTRODUCTION

The London Library is dedicated to the advancement of education, learning and knowledge. Founded in 1841 by Thomas Carlyle and other prominent men of letters and of affairs, the Library's primary purpose is to provide generations of readers and researchers with the riches of a national library for use in their own homes or workplaces. By acquiring the most important published works in the humanities in each generation and discarding almost nothing from its shelves, the Library has built up a collection of over one million volumes dating from the 16th century to the latest publications. The Library aims to preserve and extend this extraordinary accumulation for future as well as present generations.

The Library seeks to provide the most direct and liberal access to knowledge by maintaining a high proportion of the collection on open-access shelves in its Grade II-listed building in central London where the volumes may be freely browsed, with most available for loan. Offering facilities conducive to reading and scholarship, the Library aims to provide a prompt, reliable and courteous service to meet and exceed the expectations of users, perpetuating a spirit of willing collaboration between users and its highly qualified and specialist staff.

### PUBLIC BENEFIT

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Membership is open to all. The Library's emphasis is on serious scholarship and it aims to make its collections, services and facilities available to a broad spectrum of readers in need of them, many of whom have no right of access to other loan collections of comparable depth and reach, such as may be found in universities or specialist institutes. Its status in the national heritage is well recognised and over the years it has absorbed special collections from a number of other organisations which could no longer house them. Daily or weekly reference tickets are available for those who do not need to borrow books and do not wish to commit to full membership. Furthermore, items from the Library's collection are made accessible to public library members via the Inter-Library Loan scheme.

Many Library members are writers, and by assisting authors in their researches prior to publication of original work the Library contributes to the cultural enrichment of the whole nation. In this respect it is comparable to other great institutions dedicated to the arts and culture which, if they ceased to exist, would be missed even by many people who make little or no direct use of them. Although not easy to measure, this is an important public benefit, as readers who have seen the tributes to the Library and its staff in the Acknowledgements pages of countless books will be aware. In an age when the quantity of words available is superabundant, the Library helps to maintain the quality.

The Library has functioned for nearly 170 years with a simple but effective financial model based primarily on membership subscriptions, and the Trustees believe that this remains the right one given the nature of its objectives. Fees are set in the context of the Library's overall budget and approved by the members at their Annual General Meeting.

The ordinary annual fee for individuals is currently £395, while corporate and charitable bodies pay higher fees and nominate representatives who access the Library's facilities on their behalf. For an institution which strives to be a centre of excellence in its field, the Library's fees are not high in relation to the value of the services it provides and a range of payment options is available. Nevertheless there are people who need for their researches the range and depth of available material and the generous access that are the Library's hallmark but who are unable to afford the full fee, particularly as the financial rewards from writing are generally modest and often unreliable. In such cases our subsidiary charity, The London Library Trust, can assist with top-up grants under the Carlyle Membership scheme, and since January 2008 the Trust's entire annual income has been dedicated to this purpose. The Trustees of The London Library Trust assess each application carefully since resources are necessarily limited, but do not decline support where there is clear evidence of need. The majority of grants paid represent a fee subsidy of between 30% and 60%. During the financial year 220 new Carlyle memberships were awarded (2008: 80) bringing the total number of members in receipt of fee subsidies at 31 March 2009 to 310 or 4.4% of the total membership (2008: 140 or 1.8% of the total membership). The total amount of such fee subsidies paid in the year was £43,525 (2008: £13,688), representing 2.0% of the Library's total income from annual membership fees (2008: 0.9%). Further details can be found in the Annual Report of The London Library Trust on pages 26 to 32.

Young Person's membership is available to anyone under the age of 25 at half the ordinary annual rate. Separate charges are made for postal loans and for extra books above the standard allowance, but the annual fees due from each member are not dependent on either the nature or the amount of usage made of the Library's facilities by that member, which can vary considerably over time as well as across the Library's membership. Whilst many of the Library's members are active writers and researchers, there are many others whose usage is more occasional but who see the Library as a cause worth supporting precisely because of its wider public benefits.

In setting the Library's objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education and fee-charging.

## PERFORMANCE IN 2008-2009

### COLLECTIONS

Our objective – To continue developing and preserving the Library's unique accumulated collections for the benefit of present and future generations.

- We continued to add to the collection in all subject areas, with purchases totalling £266,354 (2008: £246,295).
- We launched a new Book Fund during the year and received donations of £40,965 in addition to donated books and periodicals worth £20,809 (2008: £28,000). We are most grateful to all the donors listed on pages 21 to 23 for their generosity.
- Our in-house team conserved 1,690 books from the collections on open shelves (2008: 1,615).
- They also created preservation assessment records for 1,017 rare books while cleaning and repairing the books and placing them in secure accommodation (2008: 1,258).
- We sent 4,300 volumes to commercial binders for binding or re-binding (2008: 4,474).
- We implemented a new shelving layout as part of the building development project, and managed the relocation of several kilometres of books either within the Library or off-site in preparation for Phase 2 of the building works.
- We continued to train new staff in book-friendly handling techniques and to develop the skills of all our preservation staff and volunteers.

### SERVICES

Our objective – To continue providing high quality library services, maintaining progress in line with strategy on core library activities including bibliographical and reader services and organisational development.

- 82,490 books were loaned during the year (2008: 84,658) including 5,491 (2008: 5,053) sent through the postal loans service and 242 (2008: 127) borrowed through the inter-library loan system on behalf of members. Some 67,820 (2008: 65,174) renewals were made either by members themselves online or by staff on members' behalf using a variety of methods. Heavy use is also made of books and periodicals within the Library, and over 709 rare books not in general circulation were made available for supervised consultation during the year (2008: 673).
- We placed and processed 23,261 requests to retrieve and set aside material, in the course of dealing with a wide range of enquiries from members (2008: 20,383).
- We sent 867 books to non-member public libraries on request for the use of their own members (2008: 990).

- We added 26,115 titles (comprising 38,804 volumes) from the old printed catalogue to the online catalogue (2008: 22,385 titles comprising 37,918 volumes).
- We added 11,250 volumes to the current catalogue in respect of books purchased or donated (2008: 9,200).

### MEMBERSHIP

Our objective – To continue promoting awareness of the Library's services and resources as widely as possible and achieve a sustainable growth in membership over the coming years.

Total membership numbers began the year at 7,823 and fell to 6,998 at the end of March 2009. The net fall of 825 in the year comprises:

	<b>Annual</b>	<b>Life</b>	<b>Total</b>
New members	521	9	530
Reinstatements	17	-	17
Commutations to life membership	(27)	27	-
Withdrawals/deaths	<u>(1,356)</u>	<u>(16)</u>	<u>(1,372)</u>
Net	<u>(845)</u>	<u>20</u>	<u>(825)</u>

Although the number of withdrawals increased as a result of the exceptional 2008 fee rise, it is important to note that the Library has always experienced a substantial turnover in its membership, and past withdrawal rates have typically ranged from around 500 to 900 per year. The number of new members was close to the ten-year average, and we believe it will increase in the coming year as a result of ongoing marketing activity. For the first four months of 2009 the number of new members exceeds that for the same period in 2008.

Of the new annual members 95 were under the age of 25 (2008: 91).

The Trustees believe that personal recommendation is the single most effective recruiting tool and have worked hard to this end – they are also grateful for the efforts of other members in this regard. In addition, a high-profile marketing event in October 2008, hosted by the Library in conjunction with *The Times*, made a significant contribution to membership recruitment. A range of other events also took place, supplemented in spring 2009 with a campaign of targeted magazine inserts.

## DEVELOPMENT PROJECT

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Our objective – To begin construction work on Phase 2 of the Development Project and continue planning and fundraising for future phases.

- Phase 2 of the Development Project began in summer 2008 with enabling works in the basement areas, including the installation of new rolling cases. These works were completed on time and within budget in December 2008.
- In January 2009 work began on a major reconstruction and extension of the Art Room and the creation of a new *Times* Room, as part of a programme of work to deliver additional book storage and reader spaces, to create links between 14 St James's Square and T S Eliot House on a further four levels, and to improve access around the Library by replacing the existing lift with one accessible from both sides and large enough to carry wheelchairs. An additional staircase alongside the lift will connect the ground floor and basement directly to the upper floors.
- Despite the inevitable noise and disruption accompanying such major improvement works, all of the Library's services and stock have remained available to members. Where necessary, temporary facilities have been provided to replace areas inaccessible during construction work.
- During the year the Library secured a donation of £3m from the Monument Trust, which ensured not only that the funding target for Phase 2 of the project was met in full but that detailed plans could be prepared for the subsequent phases.

## STAFF AND VOLUNTEERS

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The entrance area at 14 St James's Square was reorganised during the year, resulting in the integration of the Membership Office with Reception and the transfer of goods deliveries to T S Eliot House, where the Support Team are now based. One member of staff was made redundant as a result of these changes. A further member of staff was made redundant during the year and a vacant retrospective cataloguing post was frozen in order to reduce staffing costs.

The Development Project imposed considerable extra logistical work on all staff. The impact has perhaps been greatest on the Head of Preservation & Stack Management, Stella Worthington, who master-minded two substantial book moves (the contents of the Art Room and of the Front Basement) to temporary accommodation for the duration of the building works, and on the Head of Reader Services, Helen O'Neill, whose team has worked indefatigably on helping members find books in new places and on helping them find their way around an ever-changing building. We are pleased to record again this year our gratitude to the NADFAS volunteers who give their time to helping us carry out essential repair work to the book stock.

## FUNDRAISING

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Despite the difficult economic environment, we have continued to achieve fundraising success. Funds totalling £3.2 million (2008: £3.4 million) were received in the year towards the costs of the Development Project, and further pledges totalling £3.9 million (2008: £3.5million) were in place at the year end. The Library also received £266,000 (2008: £475,000) in general donations and legacies which were used to support membership income in meeting operating costs. Fundraising costs totalled £220,000 (2008: £322,000), the reduction from the previous year reflecting a significant shift of resources towards membership development.

## FUTURE PLANS

The Library's key objectives for 2009-2010 are:

- **Collections and Services** – to continue to maintain and develop the Library's collections (printed and electronic) for present and future generations and to provide high-quality facilities and services
- **Development Project** – to complete the improvement works currently in progress with as little disruption to services as possible, delivering additional reader spaces, extra accommodation for books and improved access across the whole of the Library's site, while continuing planning and fundraising for further improvements
- **Membership** – to attract new members and reduce withdrawal rates to provide a solid foundation for the Library's long-term financial stability

## HOW CAN MEMBERS HELP?

There are a number of ways in which you can make a real difference. For example you can:

- Recommend the Library to friends and encourage them to join
- Add your spouse, children or grandchildren as members
- Switch your payment method to direct debit to make administration easier (65% already have)
- Add to the value of your subscription by signing a Gift Aid declaration (57% already have)
- Encourage companies and institutions to join as institutional members
- If you are a US taxpayer, consider supporting us through the International Friends of The London Library, a registered 501(c) 3 charitable corporation based in New York
- Make a donation to the Book Fund to support new acquisitions, and perhaps sponsor our purchases in an area of the collection in which you have a particular interest
- Donate a book you have written or persuade a publisher to donate books to the Library on request

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- Make a bequest to the Library in your will or name it as a residuary legatee
- Make a donation to the Development Project or introduce a potential donor or grant-making trust to the fundraising team

As well as assisting financially you may wish to consider applying to become a trustee or volunteering to help with committees.

The Library has survived and flourished for nearly 170 years because of the enthusiastic support of its members, and this will continue to be critically important in the future.

## FINANCIAL REVIEW

The results for the year can be summarised as follows:

	2008-2009	2007-2008 (re-stated)
	£m	£m
Total income	6.3	6.1
Total expenditure	<u>(3.3)</u>	<u>(3.1)</u>
Net before investment (losses)/gains	3.0	3.0
Investment (losses)/gains	(1.6)	(0.7)
Actuarial (losses)/gains on pension scheme	<u>(0.9)</u>	<u>0.6</u>
Net movement in funds	0.5	2.9
Funds brought forward	<u>19.9</u>	<u>17.0</u>
Funds carried forward	<u>20.4</u>	<u>19.9</u>

As a result of the 2008 fee increase and continued close control over expenditure budgets, the Library's deficit on unrestricted funds was reduced to £44,000 (2008: £134,000) despite inflationary pressure from energy costs and a larger than expected university pay settlement (on which the Library's salary scales are based).

Within the totals in the table above, this core deficit is offset by a surplus on restricted funds of some £3 million which mainly represents donations to the Development Appeal net of fundraising costs, and is used to finance capital expenditure on the building project. The capital expenditure does not appear on the above summary but further details can be found in the financial statements.

The table below shows in more detail the contribution of different elements of the Library's core income and expenditure, and the improvement in the overall result since the previous year despite membership losses and a reduction in donations and investment income.

As noted above, thanks to a carefully-focussed marketing strategy, the Library has continued to attract new members and there are reasonable grounds for expecting the total membership numbers to recover and grow over the next few years.

The Trustees wish to ensure that in future the Library's fee income does not fall behind its costs, as tended to happen prior to 2008. They recognise that the specific inflation affecting the Library (and particularly its staff costs which account for some two-thirds of total expenditure) is often higher than the headline rate published by the government or its agencies, and future fee increases will need to take account of this fact. It was for this reason that the fees for 2009 proposed and agreed at the 2008 Annual General Meeting represented a 5% increase on the 2008 level.

	2008-09 £000	2007-08 £000	Increase/ (decrease)
Membership fees	2,135	1,555	37.3%
Gift Aid	277	196	41.3%
Other income from charitable activities	<u>103</u>	<u>102</u>	1.0%
Total income	2,515	1,853	35.7%
Core operating costs	<u>(3,121)</u>	<u>(2,794)</u>	11.7%
Core operating deficit	(606)	(941)	(35.6%)
Investment income	296	332	(10.8%)
General donations	266	475	(44.0%)
<b>Net deficit on unrestricted funds</b>	<b><u>(44)</u></b>	<b><u>(134)</u></b>	<b>(67.2%)</b>

## RESERVES POLICY

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The policy of the Trustees is to maintain an appropriate level of free reserves, having due regard to the contingencies surrounding the Library's operations and in particular the building development project. Free reserves represent funds which are not restricted for particular purposes and not tied up in property or other operational fixed assets. Free reserves at 31 March 2009 after deducting the pension fund deficit were £1.7 million (2008: £4.2million). The large reduction in the year is due mainly to the fall in value of the Library's investments and the increase in the pension fund deficit (which in turn is driven mainly by a fall in the value of the pension fund's own investments).

## INVESTMENT POLICY AND PERFORMANCE

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The Library's investment objective is to maintain the real value of its free reserves over the long term, after utilising funds at a sustainable rate in response to the Library's operational needs. On this basis the Library's target asset allocation for its core funds is 74% equities and 26% bonds and cash, with the equity allocation split 60:40 between UK and overseas stocks. The assets of the Library's restricted funds, other than the Staff Benefit Fund, comprise only bank deposits.

For most of the year the Library's equity funds were held in actively-managed pooled investment vehicles, each with a target to achieve a total return exceeding the relevant benchmark by 2% per annum. During the course of the year the performance of both fund managers gave increasing cause for concern and after a review by the Finance Committee a decision was made to switch the investments to equivalent passive (tracker) funds. The transfer to the chosen manager (Legal & General) was carried out during the last quarter of the financial year. Despite the very difficult economic conditions now being experienced, the Trustees continue to believe that a substantial holding of equity investments is vital to secure future income and capital growth.

In addition the Library holds a substantial amount of cash on deposit, and although some of this needs to be available immediately to meet working capital requirements, use has also been made of term deposits where possible. This has enabled the Library to achieve a reasonable rate of return even while general interest rates have recently fallen to historic lows.

During the year the Library's equity funds achieved an overall net return of -31.3% (2008: -10.6%), broadly mirroring the sharp falls in the markets generally. For comparison the FTSE All-Share index recorded a return of -32.2% over the same period. Cash on deposit yielded a return of 4.9% (2008: 4.5%).

It is intended that an independent review of investment strategy will be undertaken during the coming year.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The London Library is a registered charity (number 312175), incorporated by Royal Charter. It has its own Byelaws and the power to alter its own Rules. It has a royal Patron as well as a President and Vice-Presidents appointed by the Trustees subject to confirmation by members at the next AGM. Patron, President and Vice-Presidents are vital and much-valued ambassadors for the Library but play no part in its formal management.

It is with sadness that the Trustees report the death in March 2009 of one of the Library's Vice-Presidents, Sir Nicholas Henderson, a long-standing and dedicated supporter.

The Library is governed by no less than thirteen and no more than fifteen trustees, of whom all but the Chairman and Treasurer are elected by members from their number. The Trustees choose their own Chairman and Treasurer, both of whom hold office for three years but may be re-elected immediately for one further term.

In accordance with the Charter, the Trustees have delegated certain powers to specialist committees under agreed terms of reference, and the membership of these may include non-trustees with appropriate skills and experience. The committees currently in place are the Books Committee, the Building Project Steering Committee, the Development Committee, the Finance Committee and the Nominations Committee. The Trustees are grateful to the following non-trustee members for the valuable services they provided to the specialist committees during 2008-2009: Richard Davenport-Hines, Jane Dorrell, James Fergusson, Lucasta Miller and Peter Parker (Books Committee), Tony McIntyre (Building Project Steering Committee), Charles Jackson (Finance Committee) and Ruth Valentine (Nominations Committee).

Trustees other than the Chairman and Treasurer serve for four years before retiring by rotation and are not eligible for re-election for twelve months. Each year, a Nominations Committee appointed by the Trustees reviews the balance of skills and experience amongst the Trustees and advertises the expertise required to the whole membership in the Spring issue of the Library's magazine and on the Library's website. The Nominations Committee interviews candidates most closely matching the requirements before recommending them to the Trustees as suitable candidates for election by members at the AGM. The Nominations Committee includes a non-trustee member of the Library with specialist skills and experience in the field of recruitment and governance.

All new Trustees are given an induction manual covering the duties and responsibilities of trustees, all aspects of the Library's governance and management procedures, and relevant documents of record, including the minutes of meetings for the past year and recent

policy and strategy papers. Introductory meetings are held with key members of staff, and support is available from the Chairman, Treasurer and other Trustees.

The Trustees are responsible for the long-term well-being and effectiveness of the Library and make decisions on the application of its resources, the safeguarding of assets, and the determination of strategies and policies in keeping with its founding aims. The executive management of the Library is delegated to the Librarian who is appointed by the Trustees and takes decisions on matters such as the appointment of staff, the admission and regulation of members, the acquisition of books and other library materials and the financial management of the Library within budgets recommended by the Finance Committee and approved by the Trustees.

The Library has a subsidiary charity, The London Library Trust, which was established in 1952 in order to assist the Library in the achievement of its charitable objectives. The annual report and financial statements of the Trust follow on pages 26 to 32.

Along with Girton College, Cambridge, the Library is a joint beneficiary of Mrs R M Chambers' Settlement, a registered charity which owns and manages an estate of freehold properties in Ealing. Each of the beneficiaries appoints a trustee to manage the Settlement's affairs and property, and receives grants in equal shares in respect of the net proceeds of property sales.

### RISK MANAGEMENT

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The Trustees have overall responsibility for ensuring that the Library has appropriate procedures in place to mitigate risks related to strategy, operations, finance or legal compliance. The Library's current procedures include:

- A formal process for review, recording and management of risks
- An ongoing strategic plan and annual budgets against which actual results are reviewed throughout the year
- Agreed terms of reference for committees and management
- Internal controls and policies

Approved by the Trustees on 21 July 2009 and signed on their behalf by

Bill Emmott  
CHAIRMAN

James Stitt  
TREASURER

Inez T P A Lynn  
LIBRARIAN

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

Relevant legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the result for the year then ended. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records which 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 relevant legislation. 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.

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the financial statements of The London Library for the year ended 31 March 2009 set out on pages 10 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's Trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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The responsibilities of the Trustees for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as Auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF OPINION

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We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

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- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

St Paul's House  
Warwick Lane  
LONDON EC4M 7BP

**Moore Stephens LLP**  
Registered Auditors  
Chartered Accountants

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2009

	Note	Unrestricted funds 2009 £	Restricted funds 2009 £	Total funds 2009 £	Total funds 2008 (re-stated) £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
– voluntary income	2	265,762	3,215,346	3,481,108	3,898,608
– investment income	3	296,077	55,900	351,977	331,553
Incoming resources from charitable activities					
	4	2,515,403	-	2,515,403	1,853,098
<b>TOTAL INCOMING RESOURCES</b>		3,077,242	3,271,246	6,348,488	6,083,259
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Costs of generating voluntary income		-	219,505	219,505	322,353
Investment management fees		29,360	-	29,360	44,722
Charitable activities		3,067,703	500	3,068,203	2,719,615
Governance costs		24,681	-	24,681	29,762
<b>TOTAL RESOURCES EXPENDED</b>	5	3,121,744	220,005	3,341,749	3,116,452
<b>NET (OUTGOING)/ INCOMING RESOURCES</b>		(44,502)	3,051,241	3,006,739	2,966,807
<b>Transfer between funds</b>	10	1,657,078	(1,657,078)	-	-
<b>GAINS/(LOSSES) ON INVESTMENTS</b>					
realised	7	(1,636,346)	-	(1,636,346)	-
unrealised	7	42,195	(10,465)	31,730	(697,710)
Actuarial (losses)/gains on defined benefit pension scheme	11	(905,000)	-	(905,000)	591,000
<b>Net movement in funds</b>		(886,575)	1,383,698	497,123	2,860,097
<b>Funds at start of year</b>	10	18,169,325	1,705,862	19,875,187	17,015,090
<b>Funds at end of year</b>	10	17,282,750	3,089,560	20,372,310	19,875,187

# BALANCE SHEET AS AT 31 MARCH 2009

	Note	31 March 2009 £	31 March 2009 £	31 March 2008 £	31 March 2008 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	6		15,604,881		13,956,959
Fixed asset investments	7		3,390,218		4,733,495
<b>TOTAL FIXED ASSETS</b>			<u>18,995,099</u>		<u>18,690,454</u>
<b>CURRENT ASSETS</b>					
Debtors and prepayments	8	561,787		400,963	
Bank balances and cash in hand		3,531,713		2,460,923	
		<u>4,093,500</u>		<u>2,861,886</u>	
<b>CURRENT LIABILITIES</b>					
Creditors and accrued charges	9	<u>(859,289)</u>		<u>(693,153)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,234,211</u>		<u>2,168,733</u>
<b>NET ASSETS excluding pensions liability</b>			<u>22,229,310</u>		<u>20,859,187</u>
<b>Less – Pensions liability</b>			<u>(1,857,000)</u>		<u>(984,000)</u>
<b>TOTAL NET ASSETS</b>			<u><b>20,372,310</b></u>		<u><b>19,875,187</b></u>
Representing					
<b>RESTRICTED FUNDS</b>	10		3,089,560		1,705,862
<b>UNRESTRICTED FUNDS excluding pensions liability</b>	10	19,139,750		19,153,325	
<b>Pensions reserve</b>	11	<u>(1,857,000)</u>		<u>(984,000)</u>	
<b>Total unrestricted funds</b>			<u>17,282,750</u>		<u>18,169,325</u>
<b>TOTAL CHARITY FUNDS</b>			<u><b>20,372,310</b></u>		<u><b>19,875,187</b></u>

Approved by the Trustees on 21 July 2009 and signed on their behalf by

Bill Emmott  
CHAIRMAN

James Stitt  
TREASURER

Inez T P A Lynn  
LIBRARIAN

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009	2009	2008	2008
	£	£	£	£
			(re-stated)	(re-stated)
<b>Operating cash flows</b>				
Net incoming resources		3,006,739		2,966,807
Investment income		(351,977)		(331,553)
Depreciation		49,039		44,730
(Increase)/decrease in debtors		(160,824)		(138,061)
Increase/(Decrease) in creditors		166,136		(481,804)
FRS17 pension adjustment		(32,000)		1,000
		<hr/>		<hr/>
Net cash inflow from operating activities		2,677,113		2,061,119
<b>Returns on investments</b>				
Dividends received	156,231		169,968	
Interest received	134,939		115,143	
Rent received	60,807		45,752	
	<hr/>		<hr/>	
Net cash inflow from returns on investments		351,977		330,863
<b>Capital expenditure and net expenditure on investments</b>				
Purchase of tangible fixed assets	(1,696,961)		(2,486,526)	
Sale of investments	3,192,226		-	
Purchase of investments	(3,325,000)		-	
Investment income reinvested (net of fees)	(128,565)		(139,546)	
	<hr/>		<hr/>	
Net cash outflow on capital expenditure and net expenditure on investments		(1,958,300)		(2,626,072)
		<hr/>		<hr/>
<b>INCREASE/(DECREASE) IN CASH IN YEAR</b>		<b>1,070,790</b>		<b>(234,090)</b>
<b>Cash balances at start of year</b>		<b>2,460,923</b>		<b>2,695,013</b>
		<hr/>		<hr/>
<b>Cash balances at end of year</b>		<b>3,531,713</b>		<b>2,460,923</b>
		<hr/>		<hr/>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

## 1 ACCOUNTING POLICIES

### (a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and they comply with the Statement of Recommended Practice – Accounting and Reporting by Charities, 2005, issued by the Charity Commission. The financial statements have been prepared under the historic cost convention except for investments which are included at market value.

### (b) Income

Annual subscriptions are recorded in the year in which they become due. Life membership fees are credited evenly over ten years. Investment income is credited when it becomes due, and includes an estimate of the underlying income from accumulation units which is reinvested within the pooled funds; prior year comparatives have been re-stated where necessary. Donations and legacies to specific endowment funds are recorded appropriately, with all other donations credited to the operating fund.

### (c) Fixed asset investments

Listed investments are recorded in the Balance Sheet at market value, with any consequent unrealised gains or losses shown in the Statement of Financial Activities.

### (d) Tangible fixed assets

Freehold property is shown at the net cost as recorded in 1979, with subsequent extensions and improvements at cost. No depreciation is charged on the Library's original building as the property is a listed building subject to a full maintenance programme and its historical cost is far below current value. No depreciation is charged on the Library's new building as it is still the subject of ongoing development work. A full valuation of both buildings on an existing use basis will be undertaken when the development project is complete.

### (e) Pensions

The cost of providing pensions under the defined benefit scheme is charged to the Operating Fund systematically over the periods benefiting from employees' services, on the basis of the actuary's recommendations and in accordance with Financial Reporting Standard 17.

### (f) Stock of books

The Library has a collection of over one million books which have been accumulated over its lifetime. The Library does not believe that it would be cost-effective to value its book collection.

### (g) Allocation of expenditure

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Support costs which are attributable to more than one activity are apportioned across cost categories on a reasonable basis.

## 2 VOLUNTARY INCOME

	2009 £	2008 £
General donations and legacies	265,762	449,722
Grant from the London Library Trust	-	25,000
Donations to the Development Appeal Fund	3,215,346	3,423,886
<b>Total voluntary income</b>	<b>3,481,108</b>	<b>3,898,608</b>

## 3 INVESTMENT INCOME

	2009	2008 (re-stated)
	£	£
Income from listed investments		
UK	111,945	120,590
Outside UK	44,286	49,378
Total income from listed investments	<u>156,231</u>	<u>169,968</u>
Interest from deposits	134,939	115,926
Total income from investment portfolio	<u>291,170</u>	<u>285,894</u>
Income from property	60,807	45,659
<b>Total investment income</b>	<b><u>351,977</u></b>	<b><u>331,553</u></b>

Investment income includes an estimate of the income from the underlying assets of pooled funds, reinvested automatically within accumulation units. Comparative figures have been re-stated accordingly.

## 4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2009	2008
	£	£
Annual membership fees	2,135,478	1,555,212
Gift Aid relief on annual membership fees	277,196	195,951
Life membership fees	92,384	74,915
Temporary overseas membership fees	760	613
Reference ticket fees	4,790	3,240
True cost donations	796	13,415
Income from sale of goods	3,999	9,752
<b>Total incoming resources from charitable activities</b>	<b><u>2,515,403</u></b>	<b><u>1,853,098</u></b>

## 5 RESOURCES EXPENDED

5.1 Cost of generating funds	2009	2009	2009	2008	2008	2008
	Staff costs	Direct expenditure	Total	Staff costs	Direct expenditure (re-stated)	Total (re-stated)
	£	£	£	£	£	£
Fundraising	137,367	82,138	219,505	143,667	178,686	322,353
Investment management fees	-	29,360	29,360	-	44,722	44,722
<b>Total cost of generating funds</b>	<b><u>137,367</u></b>	<b><u>111,498</u></b>	<b><u>248,865</u></b>	<b><u>143,667</u></b>	<b><u>223,408</u></b>	<b><u>367,075</u></b>

## 5 RESOURCES EXPENDED continued

5.2 Resources expended on charitable activities	2009	2009	2009	2008	2008	2008
	Staff costs	Direct expenditure	Total	Staff costs	Direct expenditure (re-stated)	Total (re-stated)
	£	£	£	£	£	£
Buildings and						
Facilities Management	265,005	374,045	639,050	321,759	298,709	620,468
Reader Services	487,660	-	487,660	446,053	-	446,053
Cataloguing and						
Retrospective Conversion	364,826	2,140	366,966	347,365	4,332	351,697
Books, periodicals and						
online subscriptions	150,822	266,354	417,176	135,023	246,295	381,318
Binding, preservation and						
Stack Management	203,679	91,596	295,275	198,919	91,943	290,862
Information Technology	92,393	99,685	192,078	78,546	92,928	171,474
Administration	375,453	22,637	398,090	418,807	38,936	457,743
Membership	137,286	134,622	271,908	-	-	-
<b>Resources expended on charitable activities</b>	<b>2,077,124</b>	<b>991,079</b>	<b>3,068,203</b>	<b>1,946,472</b>	<b>773,143</b>	<b>2,719,615</b>
<b>5.3 Governance Costs</b>						
Audit fee	-	12,000	12,000	-	12,450	12,450
Internal audit fee	-	-	-	-	4,592	4,592
Legal and other professional costs	-	12,681	12,681	-	12,720	12,720
<b>Total Governance Costs</b>	<b>-</b>	<b>24,681</b>	<b>24,681</b>	<b>-</b>	<b>29,762</b>	<b>29,762</b>
<b>TOTAL RESOURCES EXPENDED</b>	<b>2,214,491</b>	<b>1,127,258</b>	<b>3,341,749</b>	<b>2,090,139</b>	<b>1,026,313</b>	<b>3,116,452</b>

Investment management fees include both fees for investment advice and underlying charges deducted from the value of pooled funds. Comparative figures have been re-stated accordingly.

During the year the Library undertook a full restructuring of its Reception arrangements, which were integrated with membership administration. Staff costs under the new Membership heading thus relate to Reception services (previously included under Buildings & Facilities Management), membership administration (previously included under Administration) and newly-recruited staff assigned to membership promotion and development. Direct expenditure under this heading relates to advertising and promotional activities.

## 6 TANGIBLE FIXED ASSETS

	Freehold Property	Information Technology	Total
	£	£	£
<b>Cost</b>			
At 1 April 2008	13,771,485	670,975	14,442,460
Additions	1,657,078	39,883	1,696,961
At 31 March 2009	15,428,563	710,858	16,139,421

## 6 TANGIBLE FIXED ASSETS continued

	Freehold Property	Information Technology	Total
	£	£	£
<b>Depreciation</b>			
At 1 April 2008	-	485,501	485,501
Charge for the year	-	49,039	49,039
	<hr/>	<hr/>	<hr/>
At 31 March 2009	-	534,540	534,540
	<hr/>	<hr/>	<hr/>
<b>Net book values</b>			
At 1 April 2008	13,771,485	185,474	13,956,959
<b>At 31 March 2009</b>	<b>15,428,563</b>	<b>176,318</b>	<b>15,604,881</b>
	<hr/>	<hr/>	<hr/>

Some of the Library's freehold property is held for investment purposes but its value is small in relation to that of the operational property with which it is contiguous. In the opinion of the Trustees a reliable valuation of the investment element would be difficult to obtain and the expense could not be justified.

## 7 FIXED ASSET INVESTMENTS

## 7.1 Movements during the period

	2009	2008 (re-stated)
	£	£
Market value at beginning of period	4,733,495	5,291,659
Proceeds of sale	(3,192,226)	-
Cost of purchases	3,325,000	-
Income re-invested (net of fees)	128,565	139,546
Realised losses	(1,636,346)	-
Unrealised gains/(losses)	31,730	(697,710)
	<hr/>	<hr/>
<b>Market value at end of year</b>	<b>3,390,218</b>	<b>4,733,495</b>
	<hr/>	<hr/>

Comparative figures have been re-stated in respect of investment income and fees on pooled funds underlying accumulation units.

## 7.2 Analysis of investments

	2009 Cost	2009 Market value	2008 Cost (re-stated)	2008 Market value (re-stated)
	£	£	£	£
Listed investments:				
UK	2,031,797	2,121,909	3,036,797	2,904,685
Outside UK	1,330,000	1,268,309	2,000,000	1,828,810
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total investments</b>	<b>3,361,797</b>	<b>3,390,218</b>	<b>5,036,797</b>	<b>4,733,495</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## 7 FIXED ASSET INVESTMENTS continued

The Library is one of two beneficiaries of Mrs R M Chambers' Settlement, which holds an estate of properties in Ealing in trust. Most of the properties in the Settlement have been sold over the years and the proceeds distributed to the beneficiaries. Although the Library has an absolute entitlement to its 50% share of the assets of the Settlement, the four remaining properties are occupied on regulated tenancies which makes it difficult to place a reliable value on them, and the Library's interest has therefore been excluded from these financial statements.

## 8 DEBTORS

	2009	2008
	£	£
Trade debtors	393,558	162,831
Amounts due from The London Library Trust	10,435	20,886
Other debtors	52,661	93,851
Prepayments and accrued income	105,133	123,395
<b>Total debtors</b>	<b>561,787</b>	<b>400,963</b>

## 9 CREDITORS

	2009	2008
	£	£
Trade creditors	30,889	30,494
Other creditors	313,156	285,796
Accruals and deferred income	515,244	376,863
<b>Total creditors</b>	<b>859,289</b>	<b>693,153</b>

## 10 ANALYSIS OF FUNDS

	B/fwd	Income	Expenditure	Revaluations	Transfers	C/fwd
	01 April 08	2009	2009	2009	2009	31 March 09
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
Operating Fund	19,153,325	3,077,242	(3,153,744)	(1,594,151)	1,657,078	19,139,750
Pension reserve	(984,000)	-	32,000	(905,000)	-	(1,857,000)
<b>Total unrestricted funds</b>	<b>18,169,325</b>	<b>3,077,242</b>	<b>(3,121,744)</b>	<b>(2,499,151)</b>	<b>1,657,078</b>	<b>17,282,750</b>
<b>Restricted funds</b>						
Development Appeal Fund	669,387	3,271,148	(219,505)	-	(1,657,078)	2,063,952
Drue Heinz Literary Fund	1,008,529	-	-	-	-	1,008,529
Staff Benefit Fund	27,946	98	(500)	(10,465)	-	17,079
<b>Total restricted funds</b>	<b>1,705,862</b>	<b>3,271,246</b>	<b>(220,005)</b>	<b>(10,465)</b>	<b>(1,657,078)</b>	<b>3,089,560</b>
<b>Total funds</b>	<b>19,875,187</b>	<b>6,348,488</b>	<b>(3,341,749)</b>	<b>(2,509,616)</b>	<b>-</b>	<b>20,372,310</b>

## 10 ANALYSIS OF FUNDS continued

### Operating Fund

The Operating Fund includes the accumulated net surplus. Movements in the fund are shown in the Statement of Financial Activities.

The Trustees believe that any balance of funds described as unrestricted funds can rightfully be applied for general purposes without restriction.

### Restricted funds

The Development Appeal Fund was launched in 2004 to meet the costs of the Library's purchase of 17-22 Mason's Yard ('T S Eliot House'), its fitting out and other development works to the Library. Subsequently the Library's Trustees agreed to charge the accumulated costs of purchase and conversion of T S Eliot House to date of £12,223,992, including design fees, to the Development Appeal Fund. This figure includes 2008-2009 capital expenditure totalling £1,657,078 which is shown in the table above as a transfer between funds.

The Drue Heinz Literary Fund comprises gifts made by the Drue Heinz Foundation to yield investment income which meets the cost of many of the Library's book purchases. The Staff Benefit Fund has been built from gifts and investment income after expenditure.

### Analysis of net assets between funds

	Unrestricted 2009	Restricted 2009	Total 2009
	£	£	£
Tangible fixed assets	15,604,881	-	15,604,881
Fixed asset investments	3,367,195	23,023	3,390,218
Debtors and prepayments	561,787	-	561,787
Bank balances and cash in hand	465,176	3,066,537	3,531,713
Creditors and accrued charges	(859,289)	-	(859,289)
Pension liability	(1,857,000)	-	(1,857,000)
<b>Total net assets</b>	<b>17,282,750</b>	<b>3,089,560</b>	<b>20,372,310</b>

## 11 STAFF SUPERANNUATION FUND

Members of staff and the Library make contributions to the staff superannuation scheme, a defined benefits scheme, under a definitive trust deed to provide pension and death benefits. The assets of the scheme are held independently from those of the Library, and are vested in six named trustees, including two nominated by members of staff.

In the year ended 31 March 2009, the contribution by the Library was £289,000 (2008: £206,000), in accordance with the recommendations of the Fund's actuary following the last full actuarial valuation. The expected contribution for the financial year commencing 1 April 2009 is £337,000.

A valuation of the Fund has been prepared as at 31 March 2009 in accordance with the Financial Reporting Standards 17 'Retirement Benefits' (FRS17). The major assumptions used are as follows:

	2009	2008
Discount rate	6.7% per annum	6.9% per annum
Price inflation	3.1% per annum	3.6% per annum
Increases to pensionable pay	4.3% per annum	4.8% per annum
Increases to pensions in payment:		
– Limited Price Indexation (5%)	3.1% per annum	3.6% per annum
– Limited Price Indexation (2.5%)	2.5% per annum	2.5% per annum
Pre-retirement increases for deferred pensions	3.1% per annum	3.6% per annum

The fair value of the assets held and the expected rates of return assumed at 31 March were:

	2009		2008	
	£	%	£	%
Equities	1,984,000	8.0	2,603,000	8.0
Bonds	1,580,000	4.5	1,609,000	5.0
Cash/other	38,000	0.5	32,000	5.25
Total	<u>3,602,000</u>		<u>4,244,000</u>	
Actuarial liability	<u>(5,459,000)</u>		<u>(5,228,000)</u>	
Deficit in fund	<u>(1,857,000)</u>		<u>(984,000)</u>	

The overall expected return on the Fund's assets for the year commencing 1 April 2009 (net of investment expenses) is 6.4%. This has been derived as the weighted average of the individual expected rates of return on each major category of assets.

**The following amounts have been recognised in the Statement of Financial Activities as part of Total Resources Expended:**

	2009	2008
	£	£
Current service costs	190,000	172,000
Interest on pension scheme liabilities	361,000	323,000
Expected return on pension scheme assets	<u>(294,000)</u>	<u>(288,000)</u>
Total expense recognised	<u>257,000</u>	<u>207,000</u>

**The following amounts have been recognised in the Statement of Financial Activities below Total Resources Expended as Actuarial gains and losses:**

	2009	2008
	£	£
Actual return less expected return on pension scheme assets	(1,046,000)	(427,000)
Experience (loss)/gain on the scheme liabilities	(97,000)	103,000
Change in assumptions underlying the present value of the scheme liabilities	<u>238,000</u>	<u>915,000</u>
Actuarial (loss)/gain for the year	<u>(905,000)</u>	<u>591,000</u>
Cumulative actuarial (loss)/gain	<u>(1,362,000)</u>	<u>(457,000)</u>

**Changes in the present value of liabilities during the year:**

	2009	2008
	£	£
Liabilities at start of year	5,228,000	5,956,000
Service cost	253,000	228,000
Interest cost	361,000	323,000
Actuarial loss/(gain) on liabilities due to experience	97,000	(103,000)
Actuarial loss/(gain) on liabilities due to assumption changes	<u>(238,000)</u>	<u>(915,000)</u>
Benefits paid (including expenses)	<u>(242,000)</u>	<u>(261,000)</u>
Liabilities at end of year	<u>5,459,000</u>	<u>5,228,000</u>

## 11 STAFF SUPERANNUATION FUND continued

### Changes in the fair value of assets during the year:

	2009	2008
	£	£
Fair value of assets at start of year	4,244,000	4,382,000
Expected return on assets	294,000	288,000
Actuarial (loss)/gain on assets	(1,046,000)	(427,000)
Contributions by employer	289,000	206,000
Contributions by members	63,000	56,000
Benefits paid (including expenses)	(242,000)	(261,000)
Fair value of assets at end of year	<u>3,602,000</u>	<u>4,244,000</u>

In accordance with FRS17 the net deficit is shown as a liability in the Balance Sheet separately from other net assets.

### Five-year history

As at 31 March:	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	£000	£000	£000	£000	£000
Present value of liabilities	(5,459)	(5,228)	(5,956)	(5,921)	(4,791)
Fair value of assets	3,602	4,244	4,382	4,095	3,446
<b>(Deficit)/Surplus</b>	<b>(1,857)</b>	<b>(984)</b>	<b>(1,574)</b>	<b>(1,826)</b>	<b>(1,345)</b>
Year ended 31 March:	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	£000	£000	£000	£000	£000
Experience gain/(loss) on liabilities	(97)	103	2	(122)	0
Experience gain/(loss) on assets	(1,046)	(427)	(19)	347	(13)

## 12 TRANSACTIONS WITH TRUSTEES

Trustees received no remuneration or reimbursement of expenses incurred in connection with their trusteeship (2008 : £Nil).

## 13 EMPLOYEES

The average number of employees for the year was 60 (2008: 58). One employee received remuneration above £60,000 in 2009 (2008: 1).

The Trustees are most grateful to all the donors listed below, who have made contributions in the year ended 31 March 2009 either for specific purposes or towards the general running costs of the Library:

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**DEVELOPMENT APPEAL FUND**
**Double Elephant Folio**

Mrs T S Eliot  
The Monument Trust

**Atlas Folio**

The Foyle Foundation  
The Foundation for Sport and the Arts

**Elephant Folio**

The Eranda Foundation  
Lady Getty  
The Horace W Goldsmith Foundation  
The Oppenheimer Family (in memory of Harry Oppenheimer)  
The Wolfson Foundation

**Folio**

The Blavatnik Family Foundation  
Peter Jamieson  
The Rothschild Foundation  
Karsten Schubert

**Quarto**

Dr Penelope McCarthy  
Clive Richards OBE DL

**Octavo**

The Hon Mrs J C T Astor (in memory of Michael Astor)  
Nicholas and Judith Goodison  
Rosemary James  
The Michael Marks Charitable Trust  
The Runciman Charitable Trust  
Sir Tom Stoppard OM CBE

**Duodecimo**

David and Lucy Abel Smith  
Stephen Benson  
Sir Jeremiah Colman Gift Trust  
Her Grace the Dowager Duchess of Devonshire  
Lord and Lady Egremont  
Alan Gregory CBE  
Mrs Janet Hamilton  
Anthony Hobson  
Dr Penelope Horlick  
The J P Jacobs Charitable Trust  
Janey King  
Lionel Leventhal

Gita Mehta  
Sir Jeremy and Lady Morse  
John Morgan  
The Viscount Norwich  
Mrs Isabel Raphael  
Reuben Foundation  
Martin and Margaret Riley  
Mark Storey  
Sir Roy Strong  
Antonia Till  
The Zachs-Adam Family Fund

**Sextodecimo**

The Marquess of Anglesey  
Jennifer Antill  
David Aukin  
Professor Sir Alan Bowness  
Sebastian Brock  
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---

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Yuen Wei-Chew

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**GENERAL DONATIONS**

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## 22 • DONATIONS & BEQUESTS

### **DONATIONS IN MEMORY OF SIR NICHOLAS HENDERSON**

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The Trustees are grateful for donations received from the following in memory of the Library's Vice-President, Sir Nicholas Henderson, who died on 16 March 2009:

David Gelber  
Sir Max and Lady Hastings  
Dame Jennifer Jenkins  
The Dowager Marchioness of Normanby  
Gill and Charles Perrin  
The Lady Soames DBE  
Sotheby's

They are grateful, too, to those who have made donations to the International Friends of The London Library in support of The London Library, and to those who have continued covenants or made arrangements for Gift Aid donations to the Library.

Thank you to all those members who have supported the Library through the use of the Everyclick search engine and the donations of survey participation fees from Ipsos Mori.

### **LEGACIES**

---

The Library received pecuniary legacies from the following deceased members and friends to whom the Trustees are most grateful:

Elsie R Dorrance  
Sophie Flower  
Angela Lambert  
Revd G B E Riddell

The literary estates of John Cornforth, Sir Philip Montefiore Magnus-Allcroft and Ian Parsons have provided income from royalties.

### **DONATIONS OF BOOKS**

---

Thanks are also due to various government and official bodies, learned societies, institutions and firms, and other libraries and publishers who have given their publications, and to the many donors of books and other items listed below:

Jeremy Adler  
Akademie der Wissenschaften und der Literatur, Göttingen  
Akademie der Wissenschaften und der Literatur, Mainz  
The late Dr David Aldridge  
Ann Allestree  
Professor Michael Alpert  
Amici Thomae Mori  
Linda Anderson  
The Angela Thirkell Society  
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 Mrs Charles Wrightsman  
 Andrea Wulf  
 The late Elizabeth Wyndham  
 Dr Julian Wynne  
 Yale University Library  
 Penny Young

## MEMBERSHIP AND USE

### MEMBERSHIP

Numbers at 31 March	2009	2008
Life members	1,305	1,285
Annual members	5,315	6,009
Spouse/partner (Rule 3) members	232	347
Representative members	146	182
<b>Total</b>	<b>6,998</b>	<b>7,823</b>

### USE OF THE LIBRARY

YEAR	MEMBERS AT YEAR END		BOOK PURCHASES		BOOKS CATALOGUED		<sup>1</sup> BOOKS BORROWED	
	Nos	+/(-)	£	£/(£)	Nos	+/(-)	Nos	+/(-)
2000	8,479	40	179,191	(25,422)	7,558	(1,444)	84,573	(5,711)
2001	8,392	(87)	181,328	2,137	8,350	792	82,922	(1,651)
2002	8,329	(63)	195,878	14,550	10,170	1,820	83,007	85
2003	8,189	(140)	204,736	8,858	9,223	(947)	83,200	193
2004	7,917	(272)	202,645	(2,091)	7,786	(1,437)	84,828	1,628
<sup>2</sup> 2005	7,766	(151)	201,160	(1,485)	7,020	(766)	71,829	(12,999)
2006	7,903	137	228,758	27,598	8,050	1,030	81,559	9,730
2007	8,025	122	239,108	10,350	9,134	1,084	80,639	(920)
2008	7,823	(202)	246,295	7,187	9,200	66	84,658	4,019
2009	6,998	(825)	266,354	20,059	11,250	2,050	82,490	(2,168)

<sup>1</sup> Records only books borrowed and not books used solely within the Library

<sup>2</sup> 11-month period to 31 March 2005 following change of accounting date (previously 30 April)

# TEN-YEAR FINANCIAL SUMMARIES

## OPERATING FUND INCOME AND EXPENDITURE

<sup>1</sup> Year	Membership income £	Investment income £	Other income £	Library expenses £	Net surplus/ (deficit) £
2000	996,693	592,820	212,600	1,843,714	(41,601)
2001	1,064,780	526,158	870,700	1,847,815	613,823
2002	1,059,783	448,213	523,540	2,059,797	(28,261)
2003	1,155,880	451,879	338,874	2,179,415	(232,782)
2004	1,323,465	469,449	590,022	2,513,117	(130,181)
<sup>2</sup> 2005	1,223,052	550,894	265,716	2,294,192	(254,530)
<sup>3</sup> 2006	1,465,299	392,869	203,409	2,657,073	(595,496)
2007	1,621,616	211,668	488,914	2,722,212	(400,014)
<sup>4</sup> 2008	1,853,098	331,553	474,722	2,794,099	(134,726)
2009	2,515,403	296,077	265,762	3,121,744	(44,502)

<sup>1</sup> From 1999-2004 inclusive year ended 30 April

<sup>2</sup> 11 months ended 31 March 2005

<sup>3</sup> From 2006 onwards year ended 31 March

<sup>4</sup> 2008 figures re-stated in respect of deemed investment income and management fees

## LIBRARY FUNDS

<sup>1</sup> Year	Free reserves (excluding Pension Reserve) £000	<sup>2</sup> Pension Reserve £000	Free reserves (including Pension Reserve) £000	Tangible fixed assets £000	Total unrestricted £000	Total restricted £000	Total funds £000
2000	14,436	-	14,436	3,234	17,670	1,048	18,718
2001	13,936	-	13,936	3,297	17,233	1,045	18,278
2002	11,714	-	11,714	3,306	15,020	1,041	16,061
2003	8,839	-	8,839	3,310	12,149	1,035	13,184
2004	9,881	-	9,881	3,265	13,146	1,031	14,177
2005	5,520	(1,345)	4,175	8,001	12,176	1,729	13,905
2006	5,203	(1,826)	3,377	9,318	12,695	1,504	14,199
2007	6,021	(1,574)	4,447	11,515	15,962	1,053	17,015
2008	5,196	(984)	4,212	13,957	18,169	1,706	19,875
2009	3,535	(1,857)	1,678	15,605	17,283	3,089	20,372

<sup>1</sup> From 1998-2004 inclusive year ended 30 April; from 2005 onwards year ended 31 March

<sup>2</sup> Figures for 2005 onwards have been adjusted for the surplus or deficit on the Library's Staff Superannuation Fund in accordance with Financial Reporting Standard 17

## COMMENT

Between 2000 and 2004 a combination of operating deficits and poor investment performance led to a reduction of £4.5m in free reserves. In 2005 a further £5m was utilised to purchase T S Eliot House. In the same year the Library was required for the first time to consolidate the results of its pension scheme under Financial Reporting Standard 17. However, the negative reserves or deficits shown above relate to the long-term funding position of the scheme and not to immediate cash shortfalls. The increase in tangible fixed assets since 2005 reflects the expenditure on the development project which is financed by capital fundraising and not drawn from free reserves.

## TRUSTEES

James Fergusson

Inez T P A Lynn

James Stitt FCA

Dr Dora Thornton

Charity Registration Number 312175-1

## TRUSTEES' ANNUAL REPORT

The London Library Trust was established (originally as the Carlyle Trust) by a deed dated 19 February 1952, for the advancement, encouragement and assistance of learning by means of (1) granting sums of money towards payment of the normal subscription to the Library for those unable to afford the full subscription; (2) making grants for original research work at the Library; and (3) purchasing books and other documents not otherwise acquired by the Library but either needed by grant holders or tending to the promotion of learning, scholarship and education. The London Library Trust aims to use its income to ensure that the facilities of the London Library remain affordable to those of limited means and that expensive but important works of scholarship or reference not otherwise affordable are acquired for the collections.

The four trustees are appointed by the Library's Trustees; they include the Librarian *ex officio* and at least one of the Library's Trustees. When trustee vacancies occur, the balance of skills and experience among the remaining trustees is reviewed and the desired expertise is sought among the trustees or members of the Library as appropriate. New trustees are given an induction manual covering the duties and responsibilities of trustees, the Deed of Trust, and all other relevant documents of record, including the minutes and papers from the previous year.

The Trustees are responsible for the long-term well-being and effectiveness of the London Library Trust and make decisions on the application of its resources, investment policy, and the safeguarding of assets. Day-to-day decisions about the awarding of grants to individuals in support of their subscriptions and about the duration of such grants are delegated to the Librarian.

During 2008-2009 the Trust has focused on ensuring that the Library's facilities remain affordable to those of limited means by

assistance to a wide range of applicants through the Carlyle Membership scheme. Carlyle Membership of the Library is open to all and assistance, in the form of a subsidy from the Trust, will normally cover 30%, or in exceptional cases 60%, of the full annual subscription, the amount and duration of assistance being at the discretion of the Trustees. Students generally continue to receive Trust grants for the duration of their registered courses but the Trust is intended to assist any member or intending member who can demonstrate financial necessity and a special need of the Library's resources. Many beneficiaries' needs are not linked to formal academic study and the Trustees would encourage anyone who might have need of a grant to seek further information from the Library's membership office.

Grants paid in support of membership fees in the year totalled £43,525 during a time of financial hardship for many (2008: £13,688). 220 new grants were awarded, making a total of 310 current beneficiaries. 24 of the new grants were awarded to students, 85 to writers or aspiring writers; the other 101 beneficiaries included retired academics and 'general readers'. It is good to see how many recipients are pleased to take on the full subscription themselves once their financial circumstances permit.

The Trust's reserves are held in investments which are its main source of income. The Trustees' policy is therefore to maintain a high level of reserves so as to generate sufficient income to support its charitable activities in a sustainable manner.

The Trust's investments are managed by BlackRock Merrill Lynch and held in their Charinco and Charishare Common Investment Funds. The investment objective of Charinco is to provide a high level of income from a portfolio of fixed interest securities, while the objective of Charishare is to achieve capital growth from an

equity portfolio while providing an increasing income over the medium term to combat inflation. Investment income for the year was £26,337 (2008: £29,332), but the Charishare fund was adversely affected by turbulence in equity markets, resulting in an overall unrealised loss in capital value of £126,629 (2008: £35,421) for the Trust's holdings during the year.

The Trustees are grateful to all those who have made donations, and in particular would like to thank the following:

The A H J Charitable Trust; The Marquess of Anglesey; Professor Peter Gosden; D G Homfray-Davies; Julian Jeffs QC; Christopher Saxton; Tim Severin; The Revd Ann Shukman; A Sokolov; Sir Anthony Touche, Bt and Lady Touche; Gill Turner; and Hugh Whitmore.

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

Relevant legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the result for the year then ended. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records which 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 relevant legislation. 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.

Approved by the Trustees on 9 July 2009 and signed on their behalf by

James Stitt  
TRUSTEE

Inez T P A Lynn  
TRUSTEE

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the financial statements of The London Library Trust for the year ended 31 March 2009 set out on pages 29 to 32. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's Trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the Trustees for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as Auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

St Paul's House  
Warwick Lane  
LONDON EC4M 7BP

**Moore Stephens LLP**  
Registered Auditors  
Chartered Accountants

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2009

		Unrestricted funds 2009	Restricted funds 2009	Total funds 2009	Total funds 2008
	<i>Note</i>	£	£	£	£
<b>INCOMING RESOURCES</b>					
Donation income	2	1,410	1,800	3,210	2,001
Investment income	3	26,337	-	26,337	29,332
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL INCOMING RESOURCES</b>		27,747	1,800	29,547	31,333
<b>RESOURCES EXPENDED</b>					
Grants paid	4	41,725	1,800	43,525	38,688
Miscellaneous expenses		29	-	29	29
		<hr/>	<hr/>	<hr/>	<hr/>
Direct charitable expenditure		41,754	1,800	43,554	38,717
<b>NET OUTGOING RESOURCES</b>		(14,007)	-	(14,007)	(7,384)
<b>(LOSSES)/GAINS ON INVESTMENTS</b>	5				
unrealised		(126,629)	-	(126,629)	(35,421)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET MOVEMENT IN FUNDS</b>		(140,636)	-	(140,636)	(42,805)
<b>FUND BALANCES BROUGHT FORWARD</b>	6	664,008	-	664,008	706,813
		<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES CARRIED FORWARD</b>	6	<b>523,372</b>	-	<b>523,372</b>	<b>664,008</b>
		<hr/>	<hr/>	<hr/>	<hr/>

# BALANCE SHEET AS AT 31 MARCH 2009

		2009	2009	2008	2008
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Listed investments	5		531,115		657,744
<b>CURRENT ASSETS</b>					
Debtors and prepayments		-		1,685	
Bank balances and cash in hand		6,580		25,465	
		<u>6,580</u>		<u>27,150</u>	
<b>CURRENT LIABILITIES</b>					
Creditors and accrued charges		(14,323)		(20,886)	
		<u>(14,323)</u>		<u>(20,886)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(7,743)</u>		<u>6,264</u>
<b>TOTAL NET ASSETS</b>			<u><b>523,372</b></u>		<u><b>664,008</b></u>
Representing					
<b>NET FUNDS</b>			<u><b>523,372</b></u>		<u><b>664,008</b></u>
	6				

Approved by the Trustees on 9 July 2009 and signed on their behalf by

James Stitt  
TRUSTEE

Inez T P A Lynn  
TRUSTEE

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

## 1 ACCOUNTING POLICIES

### (a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and they comply with the Statement of Recommended Practice – Accounting by Charities, 2005, issued by the Charity Commissioners for England and Wales.

### (b) Income

Investment income is credited when it becomes due. Donations are recorded when received.

### (c) Listed investments

Investments are recorded in the Balance Sheet at market value, with any consequent gains or losses shown in the Statement of Financial Activities.

## 2 DONATION INCOME

	2009	2008
	£	£
General donations	1,410	2,001
Donations for Carlyle Memberships	1,800	-
<b>Total donation income</b>	<b>3,210</b>	<b>2,001</b>

## 3 INVESTMENT INCOME

	2009	2008
	£	£
Income from investments	26,284	28,779
Interest on deposits	53	553
<b>Total investment income</b>	<b>26,337</b>	<b>29,332</b>

All income from listed investments is derived from securities listed in the United Kingdom.

## 4 GRANTS PAID

	2009	2008
	£	£
Grants for Carlyle Memberships	43,525	13,688
Grants for book purchases	-	25,000
<b>Total grants paid</b>	<b>43,525</b>	<b>38,688</b>

## 5 INVESTMENTS

	2009	2008
	£	£
Market value at beginning of year	657,744	693,165
Unrealised losses	(126,629)	(35,421)
<b>Market value at end of year</b>	<b>531,115</b>	<b>657,744</b>

## 5 INVESTMENTS continued

### Summary of investments at the end of the year

The portfolio comprises units in the two Common Investment Funds for charities managed by Black Rock Merrill Lynch Investment Managers, as shown below.

	<b>Cost</b>	<b>Market value</b>
	<b>2009</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Charinco Common Investment Fund	278,262	278,882
Charishare Common Investment Fund	417,392	252,233
<b>Total investments</b>	<b>695,654</b>	<b>531,115</b>

## 6 ANALYSIS OF FUNDS

	<b>B/fwd</b>	<b>Income</b>	<b>Expenditure</b>	<b>Revaluations</b>	<b>C/fwd</b>
	<b>01 April 08</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>31 March 09</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted funds</b>					
Accumulated Fund	542,096	27,740	(41,754)	(126,629)	401,453
T S Eliot Centenary Fund	121,912	7	-	-	121,919
<b>Total unrestricted funds</b>	<b>664,008</b>	<b>27,747</b>	<b>(41,754)</b>	<b>(126,629)</b>	<b>523,372</b>
<b>Restricted funds</b>					
Carlyle Membership	-	1,800	(1,800)	-	-
<b>Total restricted funds</b>	<b>-</b>	<b>1,800</b>	<b>(1,800)</b>	<b>-</b>	<b>-</b>
<b>Total funds</b>	<b>664,008</b>	<b>29,547</b>	<b>(43,554)</b>	<b>(126,629)</b>	<b>523,372</b>

The Accumulated Fund and the T S Eliot Centenary Fund represent accumulated gifts over the years which may be applied without restriction to further the objects of the Trust.

Donations received specifically to provide Carlyle Memberships were fully expended during the year for that purpose.

# THE LONDON LIBRARY INTERNATIONAL FRIENDS



**FOR OVER 25 YEARS** the London Library has benefited greatly from the work of its International Friends. This is a body administered from New York under a volunteer board of directors, and it is registered for tax-exemption privileges in connection with its charitable activities in support of the Library. Library members and other friends have made many generous donations, and recent benefactions have included gifts for the development project, book purchases, binding and preservation.

## **Transnational Giving Europe**

Earlier this year the Library gained approval to start receiving donations through Transnational Giving Europe (TGE). TGE is a partnership of leading European foundations and associations that facilitates tax-efficient cross-border giving within Europe. TGE is currently operational for donations from Belgium, Ireland, Hungary, France, Italy, the Netherlands, Luxembourg, Bulgaria, Germany, Switzerland, Slovakia, Romania and Poland.

If you would like information about any of the ways of giving mentioned above, please contact:

### **Fiona Smith-Cutting**

DEVELOPMENT MANAGER

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