

THE  
LONDON  
LIBRARY

2013  
2014

Annual Report and Financial Statements 2013–2014

## **Opening Hours**

Monday	9.30 am - 8.00 pm
Tuesday	9.30 am - 8.00 pm
Wednesday	9.30 am - 8.00 pm
Thursday	9.30 am - 5.30 pm
Friday	9.30 am - 5.30 pm
Saturday	9.30 am - 5.30 pm
Sunday	CLOSED

## **Closed Dates**

The Library will be closed  
on the following inclusive dates:

### **2014**

#### **Christmas**

Wednesday 24 December –  
Saturday 27 December

(Wednesday 31 December, open but early  
closing at 5.30 pm)

### **2015**

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

Thursday 1 January

#### **Easter**

Friday 3 April – Monday 6 April

#### **Early May Bank Holiday**

Saturday 2 May – Monday 4 May

#### **Spring Bank Holiday**

Saturday 23 May – Monday 25 May

#### **Summer Bank Holiday**

Saturday 29 August – Monday 31 August



# ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

2013-2014

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# TRUSTEES *servicing during the year*

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

## TRUSTEES

### *Chairman*

Bill Emmott (2,4,5,6)

### *Treasurer*

Mark Storey (3)

### *Other trustees servicing throughout the year:*

James Hannam (3)

Philip Hook (6)

Basil Postan (3,6)

Peter Stewart (1)

Nick Wong (1)

Margaret Heffernan (4,5)

Sir Andrew Popplewell (2,6)

David Reade QC (5)

Elizabeth Wilson (4)

### *Trustees servicing until 5 November 2013:*

Adam Freudenheim (2,4)

James Owen (6)

Margarette Lincoln (1)

Alice Sherwood (4)

### *Trustees servicing from 5 November 2013:*

Anthony McGrath (3)

Sophie Murray (1,6)

## SENIOR STAFF *as at 30 July 2014*

### *Librarian (Chief Executive)*

### *Deputy Librarian*

### *Bursar*

### *Development Director*

### *Archive, Heritage & Development Librarian*

### *Building & Facilities Manager*

### *Head of Acquisitions*

### *Head of Bibliographic Services*

### *Head of Collection Care*

### *Head of IT*

### *Head of Marketing*

### *Head of Member Services*

Inez T P A Lynn BA MLitt MCLIP

Mary Gillies MA PgDip (Information Science)

Paul Hamlyn MA ACA

Philip Spedding BComm

Helen O'Neill BA MSc MRes MCLIP

Adam Dickins BSc PgDip (Facilities Management) CBIFM

Gill Turner MA MCLIP

Dunia García-Ontiveros BA MA MCLIP

Judith Fynamore BA MA

Will David MA MSc MCLIP

Emma Marlow BA

Amanda Stebbings BA MLib MCLIP

## ADVISERS

### **Bankers**

Barclays Bank plc

1 Churchill Place, London E14 5HP

### **Auditors**

Moore Stephens LLP

150 Aldersgate Street, London EC1A 4AB

### **Solicitors**

Bates Wells & Braithwaite LLP

2-6 Cannon Street, London EC4M 6YH

### **Pension consultants**

Broadstone Limited

55 Baker Street, London W1U 7EU

### **Key to Committees:**

1 *Building Project Steering Committee*

2 *Byelaws Committee*

3 *Finance Committee*

4 *Nominations Committee*

5 *Remuneration & Appraisal Committee*

6 *Development Committee*

## INTRODUCTION

The London Library is dedicated to the advancement of education, learning and knowledge. Founded in 1841 by Thomas Carlyle and others prominent in letters and 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 or within its own premises. 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 the published written word 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 aims to make its collections, services and facilities available to meet the needs of a broad spectrum of readers, many of whom have no 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 written word is available in superabundant quantity, the Library helps to maintain the quality.

The Library has functioned for over 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 to meet this aim in the context of the Library's overall budget and are approved by the members at their Annual General Meeting.

The ordinary annual fee for individuals is currently £475, or £39.58 per month, while corporate and charitable bodies pay relatively 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 fees, 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. Each grant application is assessed carefully since resources are necessarily limited, but support is never declined 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 53 new Carlyle memberships were awarded (2013: 73) bringing the total number of members in receipt of this fee subsidy at 31 March 2014 to 367 or 5.2% of the total membership (2013: 378 or 5.3% of the total membership). The total amount of such fee subsidies paid in the year was £69,920 (2013: £65,795), representing 2.9% of the Library's total income from annual membership fees (2013: 2.8%).

Young Person's membership is available to anyone under the age of 25 at half the ordinary annual rate, and there were 355 members in this category at 31 March 2014, or 5.1% of the total membership (2013: 399 or 5.6%). 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. 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 give careful consideration to the Charity Commission's published guidance and other research on public benefit and its reporting.

## PERFORMANCE IN 2013-2014

The Library's current 5-year strategic plan, launched in autumn 2012, identifies specific objectives and the action planned to achieve them within a framework of five key strategic priorities:

- 1 Developing and preserving the collections
- 2 Extending access
- 3 Supporting research and reading
- 4 Fostering literary and intellectual community
- 5 Sharing our heritage

Within this framework, progress against the specific objectives identified for 2013-2014 is set out below:

### Priority 1

*Objective:* To safeguard the collections and services by developing existing Emergency Response Plans for collection care into a full Business Continuity Plan.

*Achievement:* Senior staff have reviewed key risks for their respective departments and documented current mitigation measures as well as proposed improvements. For building-related risks, potential scenarios have been identified and response protocols are in the course of development. Plans are being drawn up for further improvements to existing systems for flood detection and prevention, and we hope to implement these as soon as time and resources permit. Meanwhile refresher training has been provided for key staff. Because of day-to-day operational demands and significant changes in senior staff, we have yet to complete the consolidation of the discrete departmental plans into a single over-arching document, but this will be a priority for the coming year.

### Priority 2

*Objective:* To increase understanding of member needs through analysis of member activity to inform recruitment and retention.

*Achievement:* We analysed data from the proximity card system installed the previous year to ascertain the pattern of member arrivals at and departures from the Library. On the basis of this information, supplemented by comments received directly from members, we implemented a change to the Library's opening hours with effect from January 2014.

### Priority 3

*Objective:* To enhance and extend reader spaces through the upgrade and refurbishment of the Reading Room and its North Bay, taking the opportunity also to review the Reading Room reference collections.

*Achievement:* The upgrade and refurbishment (Phase 3A of the Development Project), together with associated reorganisation of the reference material, were completed in September 2013 to general approval.

### Priority 4

*Objective:* To carry out interim refurbishment of the Members' Room.

*Achievement:* Due to other operational demands it did not prove possible to complete the refurbishment during 2013-2014. However, detailed specification of the works and procurement arrangements are now complete and to minimise disruption they are being carried out during August 2014.

## PLANS FOR 2014-2015

Within the framework of the current strategic plan the following key operational objectives have been set for 2014-2015:

- Complete compilation of the Business Continuity Plan (Priority 1)
- Develop access to the Library's online catalogue from other external collaborating catalogues (Priority 2)
- Enhance the quality of services available to readers and researchers by investing in "discovery tools" providing links from the catalogue to the full text of related material within the Library's other digital resources (Priority 3)
- Carry out interim refurbishment of the Members' Room (Priority 4)
- Develop and promote the Library's institutional archive within the academic community and beyond (Priority 5)

## REVIEW OF OPERATIONS

### COLLECTIONS

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- We continued to add to the collection in all subject areas, with purchases totalling £316,947 (2013: £306,419). This total includes £45,901 (2013: £38,737) for digital/online resources (reflecting the growing importance of this aspect of the collection) and £82,263 (2013: £82,905) for periodicals.
- During the year we received donations to the Book Fund totalling £10,277 (2013: £27,928) in addition to £1,158 (2013: £1,275) for the Adopt A Book scheme. We also received donated books and periodicals worth £20,000 (2013: £30,800). We are most grateful to all the donors listed on pages 23 to 26 for their generosity.
- Our in-house team conserved 1,658 books from the collections on open shelves (2013: 1,896).
- We also created preservation assessment records for 296 rare books and pamphlets while cleaning and repairing the books and placing them in secure accommodation (2013: 963).
- We sent 4,571 volumes to commercial binders for binding or re-binding (2013: 4,447).
- Our in-house team made 165 acid-free book boxes to provide additional protection for the Library's most vulnerable volumes.
- We continued to develop the skills of our preservation staff and volunteers and to train all new staff in appropriate book-handling techniques.

## SERVICES

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- 80,386 books were loaned during the year (2013: 82,861) including 5,018 (2013: 4,568) sent through the postal loans service and 119 (2013: 108) borrowed through the inter-library loan system on behalf of members. Some 69,084 (2013: 69,075) 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 766 rare books and pamphlets not in general circulation were requested and made available for supervised consultation during the year (2013: 561).
- We placed and processed 38,920 requests to retrieve and set aside material, in the course of dealing with a wide range of enquiries from members (2013: 36,624).
- We sent 360 books to public libraries on request for the use of their own members (2013: 340).
- We made a total of 1,074 inter-library loans to other institutions (2013: 689), mainly university libraries and public libraries other than our own institutional members.
- We added 8,124 volumes to the current catalogue in respect of books purchased or donated (2013: 8,956) and all volumes were catalogued within 2 days of receipt. Some titles comprise more than one volume and we added 12,631 titles (comprising 17,575 volumes) from the old printed catalogue to the online catalogue (2013: 11,745 titles comprising 18,716 volumes).

## MEMBERSHIP

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Total membership numbers began the year at 7,147 and fell to 7,009 at the end of March 2014. The net decrease of 138 in the year comprises:

	<b>Annual</b>	<b>Life</b>	<b>Total</b>
New members	737	8	745
Commutations	(32)	32	-
Withdrawals/deaths	<u>(840)</u>	<u>(43)</u>	<u>(883)</u>
Net	<u>(135)</u>	<u>(3)</u>	<u>(138)</u>

Of the new annual members 179 were under the age of 25 (2013: 200).

Although the number of new members recruited during the year is well above the average for the last ten years, recent trends have shown a continuing decline since the peak of 993 achieved in 2010-2011. Meanwhile the number of withdrawals is 7% higher than in 2012-2013 and above the ten-year average. The Library's marketing strategy is being reviewed in 2014-2015 in the context of wider strategic initiatives to ensure that the Library's unique qualities are developed and promoted. The Library uses a range of initiatives to recruit new members, but the Trustees continue to 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 non-trustee members in this regard. Under an incentive scheme launched in July 2010 current members

who recruit new members are entitled to a fee discount of £50 at their next renewal; by 31 March 2014 a total of 617 members had qualified for the discount and 321 (52.0%) had taken it up.

Further details can be found under Organisational Information on page 28.

## STAFF AND VOLUNTEERS

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During the year the Library completed the implementation of its Review and Development (staff appraisal) procedure. The year also saw a good deal of recruitment activity at all levels, particularly for several key senior roles. In May 2013 Jane Oldfield stepped down as Deputy Librarian and Alison Sproston, a former holder of that post, came briefly out of retirement to lead the Human Resources function during the summer of 2013 while a permanent successor was recruited. That successor was Mary Gillies, who had originally been recruited to cover a one-year sabbatical by Helen O'Neill, the former Head of Reader Services, and had also acted as Project Co-ordinator during Phase 3A of the Development Project. Following her return from sabbatical Helen O'Neill took on a new role as Archive, Heritage & Development Librarian to research and promote the Library's institutional history to a wider audience within the Library and beyond. After a brief transitional period the Membership Administration function was then merged with Reader Services to form a new Member Services department headed by Amanda Stebbings who joined in January 2014. The end of January also saw the retirement of Stella Worthington after nearly fifteen years as Head of Preservation and Stack Management. She is succeeded by Judith Finnermore in a broadly equivalent role as Head of Collection Care.

In June 2013 we welcomed Adam Dickins as the new Building and Facilities Manager, succeeding Matthew Burkett who had filled the role on a consultancy basis since January of that year. The Development team has seen significant staff turnover since the departure of its former Director Lottie Cole in August 2012. Agency staff were engaged where necessary and a consultant, Alison Graham, led the team on an interim basis. At the end of a thorough recruitment process, Philip Spedding took up the post of Development Director on 1 May 2014.

We are grateful to our volunteers for their important contributions during the year, in particular to Carlo Dumontet, Mercy Mousavi Zaled, Giulia Neri and Marit Tronslin for their work on retrospective cataloguing, and to John Perkins for his work on preservation. In April 2013 we bade farewell to our long-standing NADFAS team as they completed their work on repairs to the book stock.

## FUNDRAISING

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The Founders' Circle raised £194,369 (2013: £179,468) including Gift Aid during the year, from 55 (2013: 50) UK members. A further £45,000 was received via the International Friends of The London Library from the US chapter (2013: £86,965 including a substantial donation in excess of the standard amount). Other unrestricted donations totalled £83,800 (2013: £44,321) including a grant of

£11,000 from the R M Chambers Settlement (2013: £15,000). Restricted donations totalled £389,049 (2013: £677,326) including £382,043 for the Development Appeal Fund (2013: £670,654) and £6,665 for supported memberships (2013: £6,382). Events and merchandising added a total of £11,894 (2013: £7,685).

Legacy and estate income (including royalties from literary estates) totalled £742,202 (2013: £348,800). This includes £390,372 from the estate of Betty Kathleen d'Alton and £137,500 from that of Mabel Dorothy de'Ath. The latter has been designated for the Development Project along with £220,000 (2013: £280,000) from the d'Alton legacy.

During the year the Library received a donation of £31,250 (including Gift Aid) from Basil Postan to endow a five-year programme of two-year membership awards for students at Westminster school. The first group of ten award recipients took up membership in January 2014 and have proved active users. At the end of the programme the balance of the fund will be added to the general endowment established in 2012-2013.

Fundraising costs totalled £291,332 (2013: £292,845).

## 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 (if you are an annual member we will offer you a £50 discount on your next renewal for each new member who signs up as a result)
- Enrol your spouse, parents, children or grandchildren as members
- Switch your payment method to direct debit to make administration easier (68% already have)
- Join the Founders' Circle, and/or encourage other members with means and a strong interest in literary and cultural institutions to join
- 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 support new acquisitions, or to assist members who struggle to afford the full membership fee
- Donate a book you have written or persuade a publisher to donate books to the Library on request
- 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 your skills to help the specialist committees. The Library has survived and flourished for over 170 years because of the enthusiastic support of its members, and this will continue to be critically important in the future.

## FINANCIAL REVIEW

The consolidated results for the year can be summarised as follows:

	<b>2013-2014</b>	<b>2012-2013</b>
	<b>£m</b>	<b>£m</b>
Total income	4.3	4.5
Total expenditure	<u>(3.6)</u>	<u>(3.4)</u>
Net surplus before investment gains/(losses)	0.7	1.1
Investment gains	0.0	0.3
Actuarial gains/(losses) on pension scheme	<u>0.2</u>	<u>(0.2)</u>
Net movement in funds	0.9	1.2
Funds brought forward	<u>27.4</u>	<u>26.2</u>
Funds carried forward	<u>28.3</u>	<u>27.4</u>

The net surplus within the above summary comprises £0.3m in unrestricted funds and £0.4m in restricted funds (mainly the Development Appeal). The surplus on unrestricted funds was achieved thanks to receipts from major legacies and in accordance with established policy some of these have been designated for strategic initiatives outside the Library's core budget. Further details can be found in the financial statements.

Investments recorded modest capital growth on unrestricted and endowment funds offset by a small loss on restricted funds, and there was a net actuarial gain on the final salary pension scheme due mainly to an increase in bond yields. Capital expenditure, which does not appear in the above summary, totalled £0.9m in the year. Further details can be found in the financial statements.

## RESERVES AND INVESTMENT POLICIES

Reserves are defined as the part of a charity's total funds that is freely available for use without restriction and without having to sell property needed for its operations. They are needed to cover short-term fluctuations in cash flow and to ensure that a charity can meet its obligations if revenue generated falls short of expectations. They also enable it to respond to longer-term threats and opportunities that may emerge.

The table opposite sets out the structure of target reserves, separated into three tiers according to their purpose. Tier 1 reserves provide short-term working capital. The target for the Tier 2 reserves is calculated by reference to estimated maximum possible shortfalls of core income against expenditure over the next four years, adjusted as appropriate for planned building project works and pension fund commitments. Together Tiers 1 and 2 thus constitute the minimum reserves target which the Trustees consider appropriate given the Library's risk profile. Tier 3 reserves represent those in excess of the minimum target which are available for growth and development as well as protection.

The table also shows the allocation of investment assets considered appropriate for each tier of reserves. It is widely accepted that equity investments have historically given the best performance of



any asset class over the longest time periods, but experience has shown that the returns are highly volatile. The Trustees are mindful of the fact that the Library has high fixed costs and so needs time to respond to changing circumstances, and therefore consider it prudent to retain a substantial part of the total target reserves in assets with low risk and high liquidity, whilst seeking to achieve the highest possible return consistent with these constraints. Occasionally market conditions may make an adjustment to asset allocation desirable, but otherwise dealing and its associated costs are kept to a minimum.

Tier Purpose	Investment criteria	Planned asset allocation	Target amount £m	Actual amount £m
1 Short-term working capital	Liquid, risk-free	Cash	1.0	1.0
2 Bridging income or cash shortfalls	Liquid, low-risk	Cash, gilts, bonds, equity funds	3.2	3.2
<b>Minimum reserves target</b>			<b>4.2</b>	<b>4.2</b>
3 Contingencies, growth and development	Liquid, medium-risk	Cash, gilts, bonds, equity & property funds		0.5
<b>Total reserves</b>				<b>4.7</b>

The Library's reserves are reviewed annually against target and action taken to address significant shortfalls, and to adjust the asset allocation. The Trustees regard the present position as satisfactory.

In addition to its reserves the Library also holds restricted income funds of £0.6m and endowment funds of £1.9m, including both the long-established Drue Heinz Literary Fund and the Jacqueline Golden Endowment established during 2012-2013. Because these restricted income funds and endowments support the Library's activities over the longer term, the Trustees consider it appropriate to invest the funds in assets corresponding to Tier 3 in the above table.

Further details of the Library's reserves can be found in Note 11 to the financial statements on page 17 and under Organisational Information on page 27.

## REVIEW OF INVESTMENT PERFORMANCE

The Library's portfolio is structured so as to achieve a good income return while protecting the long term real value of the capital. The Library's equity and bond investments generated income of £168,122 or a blended yield of 3.3% and a net capital gain of £37,700 or about 0.7%. Interest income added a further £22,790 in a context of exceptionally low deposit rates but there was no internal interest charge to the Development Appeal Fund. Rental income from the Library's investment properties totalled £55,363, but these properties are integral to the rest of the Library's buildings and no separate valuation is available so a specific yield cannot be derived.

The Trustees have kept their investment strategy under review, but have concluded that the portfolio is not large enough to justify the appointment of a dedicated external manager. Instead they have adjusted the strategic allocation to achieve the optimum balance between defensive and growth assets, using a range of appropriate passive and active funds while keeping dealing and associated costs to a minimum.

## 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. The Patron, President and Vice-Presidents are vital and much-valued ambassadors for the Library but play no part in its formal management.

During the year the Trustees finalised the changes to the Byelaws proposed as a result of an earlier governance review. These changes were approved by the members at an Extraordinary General Meeting on 5 November 2013, and confirmed by an Order of the Privy Council dated 16 December 2013.

The Library is governed by no less than twelve and no more than sixteen trustees, of whom all but the Chairman and Treasurer are elected by members from their number. The Trustees choose their own Chairman and Treasurer, who may or may not already be Trustees at the time of their appointment. Both hold office for up to four years but may be re-elected immediately for one further term. The Library complies with the Good Governance Code for the voluntary and community sector.

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 now in place are the Building Project Steering Committee, the Development Committee, the Finance Committee, the Nominations Committee and the Remuneration & Appraisal Committee. The Byelaws Committee has been disbanded following the approval of the Byelaw changes described above.

Trustees other than the Chairman and Treasurer serve for four years before retiring by rotation but are eligible for immediate re-election for a further four-year term. 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 magazine and on the Library website. The Nominations Committee interviews those candidates most closely matching the requirements before recommending them to the Trustees as suitable candidates for election by members at the AGM.

## 8 • TRUSTEES' ANNUAL REPORT

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 online access to 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 assets of the Trust are held by the Library as a restricted fund and the Library is its sole trustee.

Along with Girton College, Cambridge, the Library is a joint beneficiary of Mrs R M Chambers' Settlement, 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 and rentals.

The Library's specialist committees may include members who are not current Trustees (although some may be former Trustees). In particular the Trustees are grateful to Jocelyn Ridley for the valuable services she provided on the Nominations Committee during 2013-2014. Thanks are also due to those who served as trustees of the Staff Superannuation Fund during the year: Inez Lynn, Bridie Macmahon, Rosemary Morgan, Alan Saunders, Colin Stevenson and Richard Templeton.

### 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
- Strategic planning and annual budgets against which actual results are reviewed throughout the year

- Agreed terms of reference for committees and management
- Internal controls and policies

Since the appointment during the year of the Library's new Building & Facilities Manager, significant improvements have been and continue to be made to the systems and procedures protecting against the main building-related hazards, particularly fire and flood. During 2014-2015 these will be integrated into a wider Business Continuity Plan.

## 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. Finally the Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

Approved by the Trustees on 30 July 2014 and signed on their behalf by

Bill Emmott  
CHAIRMAN

Mark Storey  
TREASURER

Inez T P A Lynn  
LIBRARIAN

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE LONDON LIBRARY**

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We have audited the financial statements of The London Library for the year ended 31 March 2014 which are set out on pages 10 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 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 AUDITOR**

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As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness

of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **OPINION**

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In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Moore Stephens LLP  
Statutory Auditor

30 July 2014

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

150 Aldersgate Street  
London EC1A 4AB

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2014

		Unrestricted funds 2014	Restricted funds 2014	Endowment funds 2014	Total funds 2014	Total funds 2013
	Note	£	£	£	£	£
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds						
– voluntary income	2	1,065,371	389,049	31,250	1,485,670	1,606,960
– activities for generating funds	3	11,894	-	-	11,894	7,685
– investment income	4	155,660	29,010	61,605	246,275	303,559
Incoming resources from charitable activities	5	2,528,553	-	-	2,528,553	2,496,969
<b>TOTAL INCOMING RESOURCES</b>		<b>3,761,478</b>	<b>418,059</b>	<b>92,855</b>	<b>4,272,392</b>	<b>4,415,173</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds						
Costs of generating voluntary income		291,332	-	-	291,332	292,845
Investment management fees		40	-	-	40	1,638
Charitable activities		3,220,997	8,342	61,343	3,290,682	3,072,882
Governance costs		21,470	-	-	21,470	16,586
<b>TOTAL RESOURCES EXPENDED</b>	6	<b>3,533,839</b>	<b>8,342</b>	<b>61,343</b>	<b>3,603,524</b>	<b>3,383,951</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>227,639</b>	<b>409,717</b>	<b>31,512</b>	<b>668,868</b>	<b>1,031,222</b>
Transfer between funds	11	464,148	(461,768)	(2,380)	-	-
<b>NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS &amp; LOSSES</b>		<b>691,787</b>	<b>(52,051)</b>	<b>29,132</b>	<b>668,868</b>	<b>1,031,222</b>
Gains/(losses) on investment assets	8	42,543	(38,559)	33,716	37,700	332,535
Actuarial gains/(losses) on defined benefit pension scheme	12	212,000	-	-	212,000	(195,000)
<b>Net movements in funds</b>		<b>946,330</b>	<b>(90,610)</b>	<b>62,848</b>	<b>918,568</b>	<b>1,168,757</b>
<b>Funds at start of year</b>	11	<b>24,881,065</b>	<b>676,348</b>	<b>1,830,058</b>	<b>27,387,471</b>	<b>26,218,714</b>
<b>Funds at end of year</b>	11	<b>25,827,395</b>	<b>585,738</b>	<b>1,892,906</b>	<b>28,306,039</b>	<b>27,387,471</b>

## BALANCE SHEET AS AT 31 MARCH 2014

		Group & Library 31 March 2014 £	Group & Library 31 March 2013 £
	<i>Note</i>		
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	22,645,573	21,791,406
Fixed asset investments	8	5,056,310	5,017,701
<b>TOTAL FIXED ASSETS</b>		27,701,883	26,809,107
<b>CURRENT ASSETS</b>			
Debtors and prepayments	9	778,926	755,275
Bank balances and cash in hand		2,272,406	2,700,636
		3,051,332	3,455,911
<b>CURRENT LIABILITIES</b>			
Creditors and accrued charges: amounts due within one year	10	(952,176)	(1,006,547)
<b>NET CURRENT ASSETS</b>		2,099,156	2,449,364
<b>NET ASSETS excluding pensions liability</b>		29,801,039	29,258,471
Pensions liability		(1,495,000)	(1,871,000)
<b>TOTAL NET ASSETS</b>		<b>28,306,039</b>	<b>27,387,471</b>
Representing			
<b>UNRESTRICTED FUNDS excluding pension liability</b>	11	27,322,395	26,752,065
<b>Pensions reserve</b>	12	(1,495,000)	(1,871,000)
<b>Total unrestricted funds</b>		25,827,395	24,881,065
<b>RESTRICTED INCOME FUNDS</b>	11	585,738	676,348
<b>ENDOWMENT FUNDS</b>	11	1,892,906	1,830,058
<b>TOTAL CHARITY FUNDS</b>		<b>28,306,039</b>	<b>27,387,471</b>

Approved by the Trustees on 30 July 2014 and signed on their behalf by

Bill Emmott  
CHAIRMAN

Mark Storey  
TREASURER

Inez T P A Lynn  
LIBRARIAN

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	2014	2014	2013	2013
	£	£	£	£
<b>Operating cash flows</b>				
Net incoming resources		668,868		1,031,222
Investment income		(246,275)		(303,559)
Depreciation		47,207		44,950
(Increase)/decrease in debtors		(23,651)		(51,065)
Increase/(decrease) in creditors		(54,371)		28,865
FRS17 pension adjustment		(164,000)		(139,000)
		<hr/>		<hr/>
Net cash inflow from operating activities		227,778		611,413
<b>Returns on investments</b>				
Dividends received	168,122		162,047	
Interest received	22,790		86,662	
Rent received	55,363		54,850	
	<hr/>		<hr/>	
Net cash inflow from returns on investments		246,275		303,559
<b>Capital expenditure and net expenditure on investments</b>				
Purchase of tangible fixed assets	(901,374)		(146,062)	
Sale of investments	1,259,080		918,121	
Purchase of investments	(1,259,989)		(1,415,780)	
	<hr/>		<hr/>	
Net cash outflow on capital expenditure and net expenditure on investments		(902,283)		(643,721)
		<hr/>		<hr/>
<b>(Decrease)/increase in cash in year</b>		(428,230)		271,251
<b>Cash balances at start of year</b>		<b>2,700,636</b>		<b>2,429,385</b>
		<hr/>		<hr/>
<b>Cash balances at end of year</b>		<b>2,272,406</b>		<b>2,700,636</b>
		<hr/>		<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES

### (a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and 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) Consolidation

The Library has a subsidiary trust, The London Library Trust, which has objects narrower than those of the Library itself. The Trust's financial statements have been included in these consolidated accounts as a restricted fund. The Library also has a wholly-owned subsidiary company, London Library Enterprises Ltd, which has no assets and has not traded since being incorporated on 26 September 2012.

### (c) 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 where applicable. Donations and legacies to specific funds are recorded accordingly, with all other donations credited to the Operating Fund. All legacy income is recorded on a cash basis.

### (d) Fixed asset investments

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

### (e) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided so as to charge the carrying value of assets, less their estimated residual value, to Resources Expended over their useful life at the following rates:

Freehold property & improvements	0% per annum
Information technology	10-20% per annum

The Library's freehold property is subject to a continuous maintenance programme to ensure that it remains fit for purpose. On this basis the Trustees believe that its residual value is at least equal to the carrying value, and no depreciation has therefore been charged on freehold property in these financial statements. The current insured value of the property exceeds its carrying value.

### (f) 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.

### (g) 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.

### (h) Allocation of expenditure

All expenditure is accounted for on an accruals basis and attributed to specific activities where possible. Costs attributable to more than one activity are apportioned accordingly.

## 14 • CONSOLIDATED FINANCIAL STATEMENTS

### 2 VOLUNTARY INCOME

	2014 £	2013 £
<i>Unrestricted funds</i>		
Donations	323,169	310,754
Legacies	742,202	348,880
Subtotal unrestricted	<u>1,065,371</u>	<u>659,634</u>
<i>Restricted funds</i>		
Donations to the Development Appeal Fund	382,043	670,654
Donations and legacies for supported membership	6,665	6,382
Other restricted donations and legacies	341	290
Subtotal restricted	<u>389,049</u>	<u>677,326</u>
<i>Endowment funds</i>		
Donations for endowments	31,250	270,000
Subtotal endowment	<u>31,250</u>	<u>270,000</u>
<b>Total voluntary income</b>	<b><u>1,485,670</u></b>	<b><u>1,606,960</u></b>

### 3 ACTIVITIES FOR GENERATING FUNDS

	2014 £	2013 £
Events and venue hire	10,000	3,969
Merchandising sales	1,894	3,716
<b>Total income from activities for generating funds</b>	<b><u>11,894</u></b>	<b><u>7,685</u></b>

### 4 INVESTMENT INCOME

	2014 £	2013 £
<i>Income from listed investments</i>		
UK	80,380	84,411
Outside UK	87,742	77,636
Total income from listed investments	<u>168,122</u>	<u>162,047</u>
Interest from deposits	22,790	86,662
Total income from investment portfolio	<u>190,912</u>	<u>248,709</u>
Income from property	55,363	54,850
<b>Total investment income</b>	<b><u>246,275</u></b>	<b><u>303,559</u></b>

Where applicable investment income includes an estimate of the income from the underlying assets of pooled accumulation funds.

### 5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2014 £	2013 £
Annual membership fees	2,385,563	2,362,090
Life membership fees	128,621	127,357
Temporary overseas membership fees	1,740	1,125
Reference ticket fees	2,188	2,355
Inter-Library loan fees	10,441	4,042
<b>Total incoming resources from charitable activities</b>	<b><u>2,528,553</u></b>	<b><u>2,496,969</u></b>



## 6 RESOURCES EXPENDED

6.1 Cost of generating funds	2014		2013		2013	
	Staff costs £	Other costs £	Total £	Staff costs £	Other costs £	Total £
Fundraising	249,656	41,676	291,332	222,403	70,442	292,845
Investment management fees	-	40	40	-	1,638	1,638
<b>Total cost of generating funds</b>	<b>249,656</b>	<b>41,716</b>	<b>291,372</b>	<b>222,403</b>	<b>72,080</b>	<b>294,483</b>
<b>6.2 Resources expended on charitable activities</b>						
Building and Facilities						
Management	203,277	526,742	730,019	155,151	432,003	587,154
Member Services	575,655	-	575,655	562,760	-	562,760
Bibliographic Services	330,249	2,476	332,725	310,886	2,670	313,556
Acquisitions	165,461	316,947	482,408	157,053	306,419	463,472
Collection Care	203,071	102,469	305,540	191,715	102,544	294,259
Information Technology	94,883	110,104	204,987	90,535	105,582	196,117
Administration	375,772	73,130	448,902	351,731	68,413	420,144
Marketing & Communications	97,834	104,610	202,444	93,736	107,278	201,014
Development Project	-	8,002	8,002	-	34,406	34,406
<b>Resources expended on charitable activities</b>	<b>2,046,202</b>	<b>1,244,480</b>	<b>3,290,682</b>	<b>1,913,567</b>	<b>1,159,315</b>	<b>3,072,882</b>
<b>6.3 Governance Costs</b>						
Audit fee	-	12,640	12,640	-	11,626	11,626
Legal & other professional costs	-	8,830	8,830	-	4,960	4,960
<b>Total Governance Costs</b>	<b>-</b>	<b>21,470</b>	<b>21,470</b>	<b>-</b>	<b>16,586</b>	<b>16,586</b>
<b>TOTAL RESOURCES EXPENDED</b>	<b>2,295,858</b>	<b>1,307,666</b>	<b>3,603,524</b>	<b>2,135,970</b>	<b>1,247,981</b>	<b>3,383,951</b>

In January 2014 the Membership Office was merged into Reader Services to create a combined Member Services department. The costs shown in the above table reflect this change and comparatives have been re-stated accordingly. Marketing & Communications costs, previously included under Membership, are now shown separately.

## 7 TANGIBLE FIXED ASSETS (Group and Library)

	Freehold Property £	Information Technology £	Total £
<b>Cost</b>			
At 1 April 2013	21,702,362	429,962	22,132,324
Additions	869,755	31,619	901,374
Disposals	-	-	-
At 31 March 2014	22,572,117	461,581	23,033,698

**7 TANGIBLE FIXED ASSETS continued**

	Freehold Property	Information Technology	Total
	£	£	£
<b>Depreciation</b>			
At 1 April 2013	-	340,918	340,918
Charge for the year	-	47,207	47,207
Disposals	-	-	-
At 31 March 2014	-	388,125	388,125
<b>Net book values</b>			
At 1 April 2013	21,702,362	89,044	21,791,406
<b>At 31 March 2014</b>	<b>22,572,117</b>	<b>73,456</b>	<b>22,645,573</b>

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 of which it forms part. In the opinion of the trustees a reliable valuation of the investment element would be difficult to obtain, the expense could not be justified and the resulting adjustment would not be material.

**8 FIXED ASSET INVESTMENTS****8.1 Movements during the period**

	Group & Library 2014 £	Group & Library 2013 £
Market value at beginning of period	5,017,701	4,187,507
Proceeds of sale	(1,259,080)	(918,121)
Cost of purchases	1,259,989	1,415,780
Revaluation gains/(losses)	37,700	332,535
<b>Market value at end of year</b>	<b>5,056,310</b>	<b>5,017,701</b>

All the above investments are listed on a recognised stock exchange or are pooled funds valued by reference to such investments

**8.2 Analysis of investments**

	Group & Library 2014 £	Group & Library 2013 £
<b>Listed investments:</b>		
UK	2,824,908	2,854,253
Outside UK	2,231,402	2,163,448
<b>Total</b>	<b>5,056,310</b>	<b>5,017,701</b>

**9 DEBTORS**

	Group & Library 2014 £	Group & Library 2013 £
Trade debtors	78,414	103,669
Other debtors	153,115	143,801
Prepayments and accrued income	547,397	507,805
<b>Total</b>	<b>778,926</b>	<b>755,275</b>

## 10 CREDITORS

Amounts due within one year:

	Group & Library 2014 £	Group & Library 2013 £
Trade creditors	139,936	160,138
Other creditors	87,910	92,723
Accruals and deferred income	724,330	753,686
<b>Total</b>	<b>952,176</b>	<b>1,006,547</b>

## 11 FUNDS ANALYSIS

	B/fwd 01 April 13 £	Income 2014 £	Expenditure 2014 £	Revaluations 2014 £	Transfers 2014 £	C/fwd 31 March 14 £
<b>UNRESTRICTED FUNDS</b>						
<b>Tangible fixed assets</b>	21,791,407	-	(47,207)	-	901,373	22,645,573
<b>Designated funds</b>						
Development Project	280,000	357,500	-	-	(637,500)	-
Retro Cataloguing	27,958	-	-	-	(22,409)	5,549
<b>Total designated funds</b>	<b>307,958</b>	<b>357,500</b>	<b>-</b>	<b>-</b>	<b>(659,909)</b>	<b>5,549</b>
<b>Reserves</b>	4,652,700	3,403,978	(3,650,632)	42,543	222,684	4,671,273
<b>Subtotal Operating Fund</b>	<b>26,752,065</b>	<b>3,761,478</b>	<b>(3,697,839)</b>	<b>42,543</b>	<b>464,148</b>	<b>27,322,395</b>
Pension reserve	(1,871,000)	-	164,000	212,000	-	(1,495,000)
<b>Total unrestricted funds</b>	<b>24,881,065</b>	<b>3,761,478</b>	<b>(3,533,839)</b>	<b>254,543</b>	<b>464,148</b>	<b>25,827,395</b>
<b>RESTRICTED FUNDS</b>						
Development Appeal Fund	100,249	382,271	(8,002)	-	(385,165)	89,353
The London Library Trust	539,286	29,247	-	(42,031)	(69,920)	456,582
Supported memberships	-	6,200	-	-	(6,200)	-
Staff Benefit Fund	36,671	-	(340)	3,472	-	39,803
Other restricted funds	142	341	-	-	(483)	-
<b>Total restricted funds</b>	<b>676,348</b>	<b>418,059</b>	<b>(8,342)</b>	<b>(38,559)</b>	<b>(461,768)</b>	<b>585,738</b>
<b>ENDOWMENT FUNDS</b>						
Drue Heinz Literary Fund	1,549,463	51,938	(51,938)	28,425	-	1,577,888
Jacqueline Golden Endowment	280,595	9,405	(9,405)	5,148	-	285,743
Westminster School Memberships	-	31,512	-	143	(2,380)	29,275
<b>Total endowment funds</b>	<b>1,830,058</b>	<b>92,855</b>	<b>(61,343)</b>	<b>33,716</b>	<b>(2,380)</b>	<b>1,892,906</b>
<b>Total funds</b>	<b>27,387,471</b>	<b>4,272,392</b>	<b>(3,603,524)</b>	<b>249,700</b>	<b>-</b>	<b>28,306,039</b>

## 11 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.

### Designated funds

At their discretion the Trustees set aside income from certain major legacies and other sources to fund special projects rather than general operating costs. A total of £637,500 received from two estates over the last two financial years has been applied towards the Development Project (see below). A further £50,000 was set aside towards a continuing project for the retrospective conversion of printed catalogue records, and the remaining unapplied balance will be used to hire dedicated staff on this project during 2014-2015.

### Restricted funds

The Development Appeal Fund was launched in 2004 to meet the costs of the Library's purchase of Duchess House (renamed "T S Eliot House" in 2008), its fitting out and other development works to the Library (The Development Project). In previous years some of the costs of associated fundraising activities have also been allocated to the fund, but no such charges were made in 2013-2014 as the Library's fundraising effort was directed mainly towards other objectives. The Trustees have designated some of the income from major legacies for the Development Project and fundraising for the next phases will begin after the appropriate feasibility studies have been completed.

The Staff Benefit Fund has been built from gifts and investment income. It is used to make discretionary payments to or on behalf of staff in cases of need or hardship.

Other restricted funds comprise grants, donations and legacies received for specific purposes, of which supported membership is among the most important. Funds held within The London Library Trust (LLT) are restricted for the provision of Carlyle memberships, a particular category of supported membership. Since April 2012 the assets of LLT have been held as a restricted fund within the Library which is its sole trustee.

### Endowment Funds

The Drue Heinz Literary Fund comprises gifts made by the Drue Heinz Foundation to provide an endowment yielding investment income which meets the cost of many of the Library's book purchases. As such the income from it is treated as restricted, but is fully spent each year.

The Jacqueline Golden endowment was established by a gift from Lewis Golden, a distinguished former Treasurer and Chairman of the Library, in memory of his late wife Jacqueline, and supplemented by a subsequent gift from an anonymous donor. The income from this endowment is available for the general purposes of the Library and is therefore included within unrestricted funds.

During the year a donation from Basil Postan established an expendable endowment to fund a membership award scheme for students at Westminster School. The notional fee income relating to these memberships will be transferred to unrestricted funds each year for the five-year duration of the scheme, after which the balance in the fund will be added to the Jacqueline Golden endowment.

### Analysis of net assets between funds

	Unrestricted 2014 £	Restricted 2014 £	Endowment 2014 £	Total 2014 £
Tangible fixed assets	22,645,573	-	-	22,645,573
Fixed asset investments	2,667,262	496,142	1,892,906	5,056,310
Debtors and prepayments	778,926	-	-	778,926
Bank balances and cash in hand	2,182,810	89,596	-	2,272,406
Creditors and accrued charges: due within one year	(952,176)	-	-	(952,176)
Pension liability	(1,495,000)	-	-	(1,495,000)
<b>Total net assets</b>	<b>25,827,395</b>	<b>585,738</b>	<b>1,892,906</b>	<b>28,306,039</b>

## 12 PENSION ARRANGEMENTS

### (a) Group Personal Pension Plan (GPPP)

The Group Personal Pension Plan is provided by Scottish Widows and commenced on 1 April 2011 when the Library's defined benefit scheme closed to further accrual. Costs for the year ended 31 March 2014 totalled £53,474 (2013: £52,949).

### (b) Staff Superannuation Fund of The London Library (SSF)

The SSF is a defined benefits scheme established under a definitive trust deed, which closed to new entrants and to further accrual on 1 April 2011. 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 2014, the contribution by the Library was £202,000 (2013: £185,650), in accordance with the recommendations of the Fund's actuary. With effect from 1 April 2011 scheme expenses are paid direct by The London Library and the contribution therefore relates purely to reduction in past service deficits. The expected contribution for the financial year ending 31 March 2015 is £208,850.

A valuation of the Fund has been prepared as at 31 March 2014 in accordance with the Financial Reporting Standards 17 "Retirement Benefits" (FRS17). The major assumptions used are as follows:

	2014	2013
Discount rate	4.3% per annum	4.3% per annum
Price inflation (RPI)	3.6% per annum	3.6% per annum
Price inflation (CPI)	2.4% per annum	2.6% per annum
Increases to pensionable pay	N/A	N/A
Increases to pensions in payment:		
– Limited Price Indexation (5%)	3.3% per annum	3.3% per annum
– Limited Price Indexation (2.5%)	2.1% per annum	2.1% per annum
Increases to pensions in deferment (employed members):		
– Non-GMP earned before 6/4/2009	3.6% per annum	3.6% per annum
– Non-GMP earned after 6/4/2009	2.5% per annum	2.5% per annum
– GMP	Fixed rates	Fixed rates
Increases to pensions in deferment (deferred pensioner members):		
– Non-GMP earned before 6/4/2009	2.4% per annum	2.6% per annum
– Non-GMP earned after 6/4/2009	2.4% per annum	2.5% per annum
– GMP	Fixed rates	Fixed rates
Mortality		
– Before retirement	No allowance	No allowance
– After retirement	SIPFA/SIPMA year of birth tables with CMI_2013 projections and a 1% pa long-term rate of improvement	SIPFA/SIPMA year of birth tables with CMI_2012 projections and a 1% pa long-term rate of improvement
Commutation	100% of members commute 25% of their pension at current rates	100% of members commute 25% of their pension at current rates
Expected return on assets	5.8% per annum	4.9% per annum

## 12 PENSION ARRANGEMENTS continued

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

	2014			2013		
	£	% weight	% return	£	% weight	% return
Equities	3,462,000	51.5%	7.4	3,212,000	49.8%	6.3
Alternatives	338,000	5.0%	7.4	336,000	5.2%	6.3
Government Bonds	1,974,000	29.3%	3.5	1,922,000	29.8%	2.8
Corporate Bonds	959,000	14.3%	4.3	942,000	14.6%	4.3
Cash/other	(5,000)	-0.1%	0.5	35,000	0.5%	0.5
<b>Total</b>	<b>6,728,000</b>	<b>100.0%</b>	<b>5.8</b>	<b>6,447,000</b>	<b>100.0%</b>	<b>4.9</b>
Actuarial liability	(8,223,000)			(8,318,000)		
<b>Deficit in the fund</b>	<b>(1,495,000)</b>			<b>(1,871,000)</b>		

The overall expected return on the Fund's assets for the year commencing 1 April 2014 (net of investment expenses) is 5.8% (2013: 4.9%). 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:**

	2014	2013
	£	£
Interest on pension scheme liabilities	353,000	351,000
Expected return on pension scheme assets	(315,000)	(304,000)
<b>Total net expense/(income) recognised</b>	<b>38,000</b>	<b>47,000</b>

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

	2014	2013
	£	£
Actuarial gain/(loss) on assets	7,000	456,000
Actuarial gain/(loss) on liabilities due to experience	25,000	86,000
Actuarial (loss)/gain on liabilities due to assumption changes	180,000	(737,000)
<b>Actuarial (loss)/gain for the year</b>	<b>212,000</b>	<b>(195,000)</b>
Cumulative actuarial (loss)/gain	(1,869,000)	(2,081,000)

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

	2014	2013
	£	£
<b>Liabilities at start of year</b>	<b>8,318,000</b>	<b>7,612,000</b>
Interest cost	353,000	351,000
Actuarial (gain)/loss on liabilities due to experience	(25,000)	(86,000)
Actuarial loss/(gain) on liabilities due to assumption changes	(180,000)	737,000
Benefits paid	(243,000)	(296,000)
<b>Liabilities at end of year</b>	<b>8,223,000</b>	<b>8,318,000</b>

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

	2014 £	2013 £
<b>Fair value of assets at start of year</b>	<b>6,447,000</b>	<b>5,797,000</b>
Expected return on assets	315,000	304,000
Actuarial gain/(loss) on assets	7,000	456,000
Contributions by employer	202,000	186,000
Benefits paid (including expenses)	(243,000)	(296,000)
<b>Fair value of assets at end of year</b>	<b>6,728,000</b>	<b>6,447,000</b>
<b>Actual return on assets</b>	<b>322,000</b>	<b>760,000</b>

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:	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of liabilities	(8,223)	(8,318)	(7,612)	(6,491)	(6,707)
Fair value of assets	6,728	6,447	5,797	5,574	4,990
<b>(Deficit)/Surplus</b>	<b>(1,495)</b>	<b>(1,871)</b>	<b>(1,815)</b>	<b>(917)</b>	<b>(1,717)</b>
Year ended 31 March:	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Experience gain/(loss) on liabilities	25	86	(104)	238	349
Experience gain/(loss) on assets	7	456	(113)	41	976

**13 TRANSACTIONS WITH TRUSTEES**

Trustees received no remuneration in connection with their trusteeship (2013: £Nil). No reimbursements were paid to trustees for expenses incurred on Library business (2013: £116).

**14 STAFF COSTS**

	2014 £	2013 £
Staff costs comprise:		
Gross salaries and wages	1,923,657	1,809,682
National Insurance	168,707	173,365
Pension cost/(credit)	203,494	152,923
<b>Total</b>	<b>2,295,858</b>	<b>2,135,970</b>

The increase in pension costs compared to the previous year relates mainly to the preparation of the latest triennial actuarial valuation and a consequent increase in Deficit Reduction Contributions.

In addition to the above, expenditure totalling £18,101 (2013: £33,572) on staff training and related consultancy is included within other costs under Administration in Note 6 to these financial statements. Expenditure was higher in 2013 due mainly to consultancy and training associated with the Review & Development process.

## 15 EMPLOYEES

The average number of employees for the year was as follows:

	<b>2014</b>	<b>2013</b>
Building and Facilities Management	5	4
Member Services	18	19
Bibliographic Services	10	8
Acquisitions	4	4
Collection Care	7	7
Information Technology	2	2
Administration and Finance	7	6
Marketing and Communications	3	4
Fundraising and Development	3	6
<b>Total</b>	<b>59</b>	<b>60</b>

The number of employees who received remuneration exceeding £60,000 and their pension benefits are as follows:

	<b>2014</b>	<b>2013</b>
<b>Range £60,000 – £70,000</b>		
Number of employees	1	1
Employer's contributions under Group Personal Pension Plan	£3,641	£4,294
<b>Range £70,000 – £80,000</b>		
Number of employees	1	-
Employer's contributions under Group Personal Pension Plan	£4,590	-



The Trustees thank the following supporters, and our anonymous donors, for their generous contributions to The London Library received during the year ended 31 March 2014

### **DEVELOPMENT APPEAL FUND**

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 Ann Williams  
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### **ENDOWMENT FUND**

During the year the Library received a generous donation from Basil Postan to endow a membership awards scheme for students at Westminster School

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\* donation received via The International Friends of The London Library, a registered 501(c)(3) charitable corporation

## BOOK FUND

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Barnabas Brunner  
The L E Collis Charitable Trust  
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Anne Marjorie Crosthwait  
Betty Kathleen D'Alton  
Glenys Dean  
Mabel Dorothy de'Ath  
George Girling Grange  
Julie Hyde  
Professor Robert Brendan McDowell  
Geoffrey Potter

During the year the Library also received a generous donation from Anne Kriken Mann in memory of Richard Mann, as well as a grant from the trustees of the Mrs R M Chambers Settlement

## ROYALTIES

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The literary estate of Reay Tannahill has provided income from royalties

## DONATIONS OF BOOKS

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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 who are listed below:

Professor John Abecasis-Phillips  
Académie royale de Belgique  
Jeremy Adler  
Akademie der Wissenschaften und der Literatur, Göttingen  
Akademie der Wissenschaften und der Literatur, Mainz  
Alor Development Initiative  
The Angela Thirkell Society  
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Nicolas Barker OBE  
Barbara Barnett  
Bath Royal Literary and Scientific Institution  
BBC Research Centre, Bristol  
David Beattie CMG  
Antony Beevor  
Belfast Historical & Education Society  
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Philippa Bernard  
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The Reverend John Witheridge  
Stephen Wood  
Dr Christopher Wright  
Graeme Wright from the Library of  
Reginald Spink  
The Writers' Guild of Great Britain

## TEN-YEAR FINANCIAL SUMMARIES

## Unrestricted funds only

Year	Membership income £	Investment income £	Other income £	Library expenses £	Net surplus/ (deficit) £
<sup>1</sup> 2005	1,223,052	550,894	265,716	2,294,192	(254,530)
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>2</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>3</sup> 2010	2,490,112	183,910	323,286	3,182,323	(185,015)
2011	2,496,530	227,826	815,023	2,766,310	773,069
2012	2,575,253	241,450	413,897	2,953,277	277,323
<sup>4</sup> 2013	2,496,969	221,508	667,319	3,120,858	264,938
2014	2,528,553	155,660	1,077,265	3,533,839	227,639

<sup>1</sup> 11-month period to 31 March 2005 following change of accounting date (previously 30 April)

<sup>2</sup> 2008 figures re-stated in respect of deemed investment income and management fees

<sup>3</sup> 2010 figures re-stated to exclude grant from The London Library Trust eliminated on consolidation

<sup>4</sup> From 2013 some investment income and expenditure are reallocated to endowment funds (excluded from these figures)

## LIBRARY FUNDS

Year	Free reserves (excluding Pension Reserve) £000	Pension Reserve (see Note 2) £000	Free reserves (including Pension Reserve) £000	Tangible fixed assets £000	Designated funds £000	Total unrestricted £000	Restricted funds £000	Endowment funds £000	Total funds £000
<sup>2</sup> 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	15,303		16,981	3,089		20,070
<sup>3</sup> 2010	3,178	(1,717)	1,461	20,429		21,890	1,657		23,547
2011	3,373	(917)	2,456	21,686		24,142	1,662		25,804
<sup>4</sup> 2012	4,291	(1,815)	2,476	21,690		24,166	616	1,437	26,219
2013	4,653	(1,871)	2,782	21,791	308	24,881	676	1,830	27,387
2014	4,671	(1,495)	3,176	22,646	5	25,827	586	1,893	28,306

<sup>1</sup> Financial 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

<sup>3</sup> 2010 figures re-stated on consolidated basis including The London Library Trust

<sup>4</sup> 2012 figures re-stated in respect of Drue Heinz Literary Fund (reclassified as endowment)

## COMMENT

In 2005 £5m was drawn from reserves to purchase T S Eliot House (included in tangible fixed assets). 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 further increase in tangible fixed assets since 2005 reflects the expenditure on the Development Project which is financed either by capital fundraising or designated income from legacies and similar sources, and is not drawn from free reserves.

## 28 • ORGANISATIONAL INFORMATION

### MEMBERSHIP AT YEAR-END

	Numbers at 31 March	
	2014	2013
Ordinary members	4,482	4,580
Spouse/partner members	277	259
Young Person members	355	399
Supported members (Trust/Byelaw 9)	379	391
Institutional members	149	148
<b>Subtotal annual members</b>	<b>5,642</b>	<b>5,777</b>
Life members	1,367	1,370
<b>Total</b>	<b>7,009</b>	<b>7,147</b>

### TEN-YEAR SUMMARY OF MEMBERSHIP

Year	MEMBERS			
	Number at year-end	New members during year <sup>1</sup>	Withdrawals during year	Increase/ (Decrease)
2005 <sup>1</sup>	7,766	343	(494)	(151)
2006	7,903	630	(493)	137
2007	8,025	644	(522)	122
2008	7,823	660	(862)	(202)
2009	6,998	530	(1,355)	(825)
2010	6,764	491	(725)	(234)
2011	7,137	984	(611)	373
2012	7,155	839	(821)	18
2013	7,147	819	(827)	(8)
2014	7,009	745	(883)	(138)
<b>Average</b>	<b>7,373</b>	<b>669</b>	<b>(759)</b>	<b>(91)</b>

### USE OF LIBRARY

Year	BOOK PURCHASES		BOOKS CATALOGUED		CIRCULATION <sup>2</sup>	
	Expenditure in year (£)	Increase/ (Decrease) (£)	Number in year	Increase/ (Decrease)	Borrowed in year	Increase/ (Decrease)
2005 <sup>1</sup>	201,160	(1,485)	7,020	(766)	71,829	(12,999)
2006	228,758	27,598	8,050	1,030	81,559	9,730
2007	239,108	10,350	9,134	1,084	80,639	(920)
2008	246,295	7,187	9,200	66	84,658	4,019
2009	266,354	20,059	11,250	2,050	82,490	(2,168)
2010	278,194	11,840	9,050	(2,200)	81,317	(1,173)
2011	276,568	(1,626)	8,123	(927)	85,685	4,368
2012	298,477	21,909	9,716	1,593	85,360	(325)
2013	306,419	7,942	8,956	(760)	82,861	(2,499)
2014	316,947	10,528	8,124	(832)	80,386	(2,475)

<sup>1</sup> 11-month period to 31 March 2005 following change of accounting date (previously 30 April)

<sup>2</sup> Circulation records only books borrowed and not books used only within the Library

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

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