

THE
LONDON
LIBRARY

2014
2015

Annual Report and Financial Statements 2014-2015



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TRUSTEES *serving during the year*

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

TRUSTEES

Chairman

Bill Emmott (2,5,6)

Other trustees serving throughout the year:

James Hannam (3)

Philip Hook (4,6)

Sophie Murray (1,6)

David Reade QC (5)

Elizabeth Wilson (4)

Trustees serving until 5 November 2014:

Basil Postan (2*,6)

Trustees serving from 5 November 2014:

Elizabeth Herridge (1,6)

Sarah Wheeler (2,4)

SENIOR STAFF *as at 22 July 2015*

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 Communications

Head of IT

Head of Marketing

Head of Member Services

Treasurer

Mark Storey (2,3)

Margaret Heffernan (4,5)

Anthony McGrath (2,3)

Sir Andrew Popplewell (6)

Peter Stewart (1)

Nick Wong (1)

David Lough (3,6)

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

Julian Lloyd BA Msc (*from 18 May 2015*)

Will David MA MSc MCLIP

Emma Marlow BA

Amanda Stebbings BA MLib MCLIP

ADVISERS

Bankers

Barclays Bank plc

1 Churchill Place, London E14 5HP

Solicitors

Bates Wells & Braithwaite LLP

2-6 Cannon Street, London EC4M 6YH

Auditors

Moore Stephens LLP

150 Aldersgate Street, London EC1A 4AB

Pension consultants

Broadstone Limited

55 Baker Street, London W1U 7EU

* *Served as non-Trustee member after 5 November 2014*

Key to Committees:

1 *Building Project Steering Committee*

2 *Chairmanship Search 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

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 can be issued to those who need access to materials not available elsewhere but 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 nearly 175 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 £485, or £40.42 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 41 new Carlyle memberships were awarded (2014: 53) bringing the total number of members in receipt of this fee subsidy at 31 March 2015 to 343 or 5.1% of the total membership (2014: 367 or 5.2% of the total membership). The total amount of such fee subsidies paid in the year was £67,580 (2014: £69,920), representing 2.7% of the Library's total income from annual membership fees (2014: 2.9%).

Young Person's membership is available to anyone under the age of 25 at half the ordinary annual rate, and there were 344 members in this category at 31 March 2015, or 5.1% of the total membership (2014: 355 or 5.1%). 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 2014-2015

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 2014-2015 is set out below:

Priority 1

Objective: To complete compilation of the Business Continuity Plan (BCP).

Achievement: Following detailed discussions among senior staff during the year we completed the BCP which was adopted by the Trustees in March 2015.

Priority 2

Objective: To develop access to the Library's online catalogue from other external collaborating catalogues.

Achievement: We have continued to add our catalogue records to the COPAC resource discovery tool and to SUNCAT (Serials Union Catalogue for the UK research community).

Priority 3

Objective: To 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.

Achievement: During the year, with the aid of a major anonymous donation, we acquired the proprietary link resolver software Primo/SFX which was customised to our requirements and successfully launched under the name *Catalyst*.

Priority 4

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

Achievement: The works were carried out during August 2014 and the room reopened to general approval. As well as being a social space, it is now also used on occasion for small-scale member-run events.

Priority 5

Objective: To develop and promote the Library's institutional archive within the academic community and beyond.

Achievement: During the year a number of academics have consulted the archive in the course of research and writing projects. Further details can be found in the Review of Operations opposite.

PLANS FOR 2015-2016

In order to underpin all its long-term strategic priorities, the Library needs to put its finances on the firmest possible footing. A new Development Office team has now been established and is charged with increasing total membership to 9,000 by 2020 and raising £30m to complete the building development project and create an endowment sufficient to provide stable funding for the future. In 2016 the Library will celebrate the 175th anniversary of its founding and we plan to harness this in pursuit of our marketing and fundraising objectives.

During 2015-2016 the key priorities will be:

- 1 To gain a better understanding of all aspects of our members' experience and seek to maintain or improve it
- 2 To improve the Library's communications and raise its public profile
- 3 To launch a new marketing campaign informed by fresh research
- 4 To launch a new fundraising campaign targeting major capital and endowment donations

REVIEW OF OPERATIONS DURING THE YEAR

COLLECTIONS

- We continued to add to the collection in all subject areas, with purchases totalling £314,896 (2014: £316,947). This total includes £41,962 (2014: 45,901) for digital/online resources (reflecting the growing importance of this aspect of the collection) and £85,411 (2014: £82,263) for periodicals. During the year we received donations to the Book Fund totalling £11,273 (2014: £10,277) in addition to £3,813 (2014: £1,158) for the Adopt A Book scheme. We also received donated books and periodicals worth £22,718 (2014: £20,000). We are most grateful to all the donors listed on pages 23 to 26 for their generosity.
- Our in-house team conserved 1,561 books from the collections on open shelves (2014: 1,658).
- We also created preservation assessment records for 245 rare books and pamphlets while cleaning and repairing the books and placing them in secure accommodation (2014: 296).
- We sent 4,643 volumes to commercial binders for binding or re-binding (2014: 4,571).
- We continued to develop the skills of our preservation staff and volunteers and to train all new staff in appropriate book-handling techniques.
- At the beginning of January 2015 we joined a growing number of national, academic and research libraries who have adopted Resource Description and Access (RDA) as the new cataloguing standard.
- In November 2014 we launched a new preservation work placement scheme for MA Conservation students at Camberwell College of Arts. Four students have passed through the scheme to date, contributing more than 120 hours to preservation projects.

- In the last year the Library's institutional archive has assisted the work of Dr Amber Regis, Lecturer in 19th Century Literature at the University of Sheffield, in her work on the scholarly edition of the memoirs of John Addington Symonds which is due for publication by Palgrave next year. Dr Marcella P. Sutcliffe at the University of Cambridge consulted the archive for her work on libraries and the First World War which has been accepted for publication and the Library has contributed towards an AHRC funded project lead by Dr Simon Grennan at the University of Chester which is bringing together in digital form the work of a pioneering 19th century female cartoonist Marie Duval.

SERVICES

- 76,768 books were loaned during the year (2014: 80,386) including 4,584 (2014: 5,018) sent through the postal loans service and 179 (2014: 119) borrowed through the inter-library loan system on behalf of members. Some 69,557 (2014: 69,084) 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 571 rare books and pamphlets not in general circulation were requested and made available for supervised consultation during the year (2014: 766).
- We placed and processed 37,854 requests to retrieve and set aside material, in the course of dealing with a wide range of enquiries from members (2014: 38,920).
- We sent 285 books to public libraries on request for the use of their own members (2014: 360).
- We made a total of 1,249 inter-library loans to other institutions (2014: 1,074), mainly university libraries and public libraries other than our own institutional members.
- We added 8,151 volumes to the current catalogue in respect of books purchased or donated (2014: 8,124) and all volumes were catalogued within 2 days of receipt. Some titles comprise more than one volume and we added 8,756 titles (comprising 12,260 volumes) from the old printed catalogue to the online catalogue (2014: 12,631 titles comprising 17,575 volumes). The reduced output in retrospective cataloguing is due mainly to the loss of staff employed on fixed term contracts funded by a designated legacy.
- We launched the Primo/SFX discovery tool under the name *Catalyst* and ran 36 training sessions for members.

MEMBERSHIP

Total membership numbers began the year at 7,009 and fell to 6,708 at the end of March 2015. The net decrease of 301 in the year comprises:

	Annual	Life	Total
New members	686	11	697
Commutations	(30)	30	-
Withdrawals/deaths	<u>(837)</u>	<u>(161)</u>	<u>(998)</u>
Net	<u>(181)</u>	<u>(120)</u>	<u>(301)</u>

Of the new annual members 202 were under the age of 25 (2014: 179). During the year we enrolled the second cohort of ten students from Westminster school, funded by an endowment donation received the previous year. We have continued to develop relationships with other schools who may provide future generations of members.

The number of new members recruited during the year is disappointing although still slightly above the average for the previous ten years. The number of withdrawals by annual members is almost the same as for 2013-2014. The unusually large number of life membership withdrawals reflects a recent data cleansing exercise in respect of life members who were known to have died or assumed to have died in view of their age and because all contact with them had been lost.

The Library's marketing strategy is being reviewed in the context of wider strategic initiatives to ensure that the Library's unique qualities are developed and promoted, with a view to achieving a net increase in the number of members by the end of 2015-2016. The Library uses a range of initiatives to recruit new members, and these are being honed in the light of fresh research. Historically, however, the single most effective recruiting tool has been personal recommendation and there is no doubt that this will continue to be very important. 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 2015 a total of 741 such discounts had been offered to qualifying members and 376 (50.7%) taken up.

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

STAFF AND VOLUNTEERS

Recruitment activity has been substantial in all areas, reflecting an increasingly mobile workforce, but the main focus of activity has been the Development Office. Philip Spedding took up the post of Development Director on 1 May 2014, and was involved in a high profile fundraising event that same evening. He has since led the establishment of a new staff team, including Julian Lloyd who took up the post of Head of Communications in May 2015, with the vital task of crafting persuasive messages to underpin the major fundraising and marketing campaigns now in preparation.

We are grateful to our volunteers for their important contributions during the year, in particular to Carlo Dumontet, Matthew Fletcher, Jane Haslam and Marit Tronslin for their work on retrospective cataloguing and to John Perkins for his continued assistance assessing and listing rare or vulnerable books to be housed in secure storage.

We would also like to thank the four students from Camberwell College of Arts who joined our preservation work placement scheme. Christina Romanowski and Gretchen Allen developed innovative box designs for small books so that these can remain available for members to browse on our open access shelves.

Agathe Daronnat and Victoria Haddock have been working on our rare newspaper holdings, carrying out conservation repairs and creating archival-standard housing to protect their fragile pages.

FUNDRAISING

The Founders' Circle raised £134,985 (2014: £194,369) including Gift Aid during the year, from 42 (2014: 55) UK members. A further £35,050 was received via the International Friends of The London Library from the US chapter (2014: £45,000).

Other unrestricted donations totalled £73,413 (2014: £83,800) including £29,877 from the sale of donated shares and applied to implementation of the new *Catalyst* search tool, and a grant of £7,000 from the R M Chambers Settlement (2014: £11,000). Restricted donations totalled £86,446 (2014: £389,049) including £74,242 for the Development Appeal Fund (2014: £382,043) and £11,065 for supported memberships (2014: £6,665). The latter includes a grant of £10,000 from the Clore Duffield Foundation on a matched funding basis, representing the first annual instalment of a three-year commitment.

Events and merchandising added a total of £4,243 (2014: £11,894), and the Library secured £15,000 sponsorship for the Life In Literature Award from Christie's auctioneers, who also provided the £10,000 prize money. The 2014 prize was awarded to Stuart Proffitt, Publishing Director at Penguin Press, in recognition of his outstanding contribution in the field of publishing.

Legacy and estate income (including royalties from literary estates) totalled £378,040 (2014: £742,202). This includes £248,750 from the estate of Mabel Dorothy de'Ath, £40,000 from that of Betty Kathleen d'Alton, £20,000 from that of Sheila Streek and £50,000 from that of Kenneth Rose, a former Vice-President of the Library.

Fundraising costs totalled £276,490 (2014: £291,332).

HOW CAN MEMBERS HELP?

There are a number of ways in which members can make a real difference. They can for example:

- Recommend the Library to friends and encourage them to join (annual members are eligible for a £50 discount on their next renewal for each new member who signs up as a result)
- Enrol their spouse, parents, children or grandchildren as members
- Switch their payment method to direct debit to make administration easier (70% 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 a US taxpayer, consider supporting 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 they have written or persuade a publisher to donate books to the Library on request
- Make a bequest to the Library in their 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, members may wish to consider applying to become a trustee or volunteering their skills to help the specialist committees. The Library has survived and flourished for nearly 175 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:

	2014-2015	2013-2014
	£m	£m
Total income	3.6	4.3
Total expenditure	(3.4)	(3.6)
Net surplus before investment gains/(losses)	0.2	0.7
Investment gains	0.3	0.0
Actuarial (losses)/gains on pension scheme	(0.4)	0.2
Net movement in funds	0.1	0.9
Funds brought forward	28.3	27.4
Funds carried forward	28.4	28.3

Capital expenditure, which does not appear in the above summary, totalled £0.1m 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
Minimum reserves target			4.2	4.2
3 Contingencies, growth and development	Liquid, medium-risk	Cash, gilts, bonds, equity & property funds		0.6
Total reserves				4.8

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 £2.0m. 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 financial investments generated income of £203,658 or a

blended yield of 3.5% and a net capital gain of £292,414 or about 4.9%. Interest income added a further £11,660 in a context of exceptionally low deposit rates. Rental income from the Library's investment properties totalled £63,800, including backdated rent following a review effective from 2012. 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.

The Library is governed by no fewer 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.

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. 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 2014-2015, and to Basil Postan who continued to serve on the Chairmanship Search Committee after the end of his Trusteeship. 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, Richard Templeton and Gill Turner.

RISK MANAGEMENT

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
- A 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 22 July 2015 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

We have audited the financial statements of The London Library for the year ended 31 March 2015 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

As explained more fully in the Statement of Trustees' Responsibilities [set out 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

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 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

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 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

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

22 July 2015

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

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2015

		Unrestricted Funds 2015	Restricted Funds 2015	Endowment Funds 2015	Total Funds 2015	Total Funds 2014
	Note	£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
– voluntary income	2	621,488	86,446	-	707,934	1,485,670
– activities for generating funds	3	19,243	-	-	19,243	11,894
– investment income	4	179,973	22,194	76,951	279,118	246,275
Incoming resources from charitable activities	5	2,574,858	-	-	2,574,858	2,528,553
TOTAL INCOMING RESOURCES		3,395,562	108,640	76,951	3,581,153	4,272,392
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income		276,490	-	-	276,490	291,332
Investment management fees		915	-	-	915	40
Charitable activities		3,002,716	-	75,761	3,078,477	3,290,682
Governance costs		14,595	-	-	14,595	21,470
TOTAL RESOURCES EXPENDED	6	3,294,716	-	75,761	3,370,477	3,603,524
NET INCOMING RESOURCES BEFORE TRANSFERS		100,846	108,640	1,190	210,676	668,868
Transfer between funds	11	147,011	(143,128)	(3,883)	-	-
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS & LOSSES		247,857	(34,488)	(2,693)	210,676	668,868
Gains/(losses) on investment assets	8	148,045	35,365	109,004	292,414	37,700
Actuarial (losses)/gains on defined benefit pension scheme	12	(416,000)	-	-	(416,000)	212,000
Net movements in funds		(20,098)	877	106,311	87,090	918,568
Funds at start of year	11	25,827,395	585,738	1,892,906	28,306,039	27,387,471
Funds at end of year	11	25,807,297	586,615	1,999,217	28,393,129	28,306,039

BALANCE SHEET as at 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
FIXED ASSETS			
Tangible fixed assets	7	22,698,990	22,645,573
Fixed asset investments	8	5,948,713	5,056,310
TOTAL FIXED ASSETS		<u>28,647,703</u>	<u>27,701,883</u>
CURRENT ASSETS			
Debtors and prepayments	9	722,398	778,926
Bank balances and cash in hand		1,672,811	2,272,406
		<u>2,395,209</u>	<u>3,051,332</u>
CURRENT LIABILITIES			
Creditors and accrued charges: amounts due within one year	10	(988,783)	(952,176)
NET CURRENT ASSETS		<u>1,406,426</u>	<u>2,099,156</u>
NET ASSETS excluding pensions liability		30,054,129	29,801,039
Pensions liability		(1,661,000)	(1,495,000)
TOTAL NET ASSETS		<u>28,393,129</u>	<u>28,306,039</u>
Representing			
RESTRICTED INCOME FUNDS	11	586,615	585,738
ENDOWMENT FUNDS	11	1,999,217	1,892,906
UNRESTRICTED FUNDS excluding pension liability	11	27,468,297	27,322,395
Pensions reserve	12	(1,661,000)	(1,495,000)
Total unrestricted funds		<u>25,807,297</u>	<u>25,827,395</u>
TOTAL CHARITY FUNDS		<u>28,393,129</u>	<u>28,306,039</u>

Approved by the Trustees on 22 July 2015 and signed on their behalf by

Bill Emmott
CHAIRMAN

Mark Storey
TREASURER

Inez T P A Lynn
LIBRARIAN

CASH FLOW STATEMENT

for the year ended 31 March 2015

	2015	2015	2014	2014
	£	£	£	£
Operating cash flows				
Net incoming resources		210,676		668,868
Investment income		(279,118)		(246,275)
Depreciation		47,517		47,207
(Increase)/decrease in debtors		56,528		(23,651)
Increase/(decrease) in creditors		36,607		(54,371)
FRS17 pension adjustment		(250,000)		(164,000)
		<hr/>		<hr/>
Net cash inflow from operating activities		(177,790)		227,778
Returns on investments				
Dividends received	203,658		168,122	
Interest received	11,660		22,790	
Rent received	63,800		55,363	
	<hr/>		<hr/>	
Net cash inflow from returns on investments		279,118		246,275
Capital expenditure and net expenditure on investments				
Purchase of tangible fixed assets	(103,217)		(901,374)	
Disposal of tangible fixed assets	2,283		-	
Sale of investments	-		1,259,080	
Purchase of investments	(599,989)		(1,259,989)	
	<hr/>		<hr/>	
Net cash outflow on capital expenditure and net expenditure on investments		(700,923)		(902,283)
		<hr/>		<hr/>
(Decrease)/increase in cash in year		(599,595)		(428,230)
Cash balances at start of year		2,272,406		2,700,636
		<hr/>		<hr/>
Cash balances at end of year		1,672,811		2,272,406
		<hr/>		<hr/>

NOTES TO THE 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 two subsidiary entities whose financial transactions and balances are included in these financial statements. The London Library Trust has objects narrower than those of the Library itself, but since 2012 it has had no separate Trustees and its assets have been held by the Library as a restricted fund. The Library's wholly-owned subsidiary company, London Library Enterprises Ltd, 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. In general individual items costing less than £100 are not capitalised.

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.

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2 VOLUNTARY INCOME

	2015 £	2014 £
<i>Unrestricted funds</i>		
Donations	243,448	323,169
Legacies	378,040	742,202
Subtotal unrestricted	<u>621,488</u>	<u>1,065,371</u>
<i>Restricted funds</i>		
Donations to the Development Appeal Fund	74,242	382,043
Donations and legacies for supported membership	11,065	6,665
Other restricted donations and legacies	1,139	341
Subtotal restricted	<u>86,446</u>	<u>389,049</u>
<i>Endowment funds</i>		
Donations for endowments	-	31,250
Subtotal endowment	-	31,250
Total voluntary income	<u>707,934</u>	<u>1,485,670</u>

3 ACTIVITIES FOR GENERATING FUNDS

	2015 £	2014 £
Events and venue hire	987	10,000
Commercial sponsorship	15,000	-
Merchandising sales	3,256	1,894
Total income from activities for generating funds	<u>19,243</u>	<u>11,894</u>

4 INVESTMENT INCOME

	2015 £	2014 £
<i>Income from listed investments</i>		
UK	102,960	80,380
Outside UK	100,698	87,742
Total income from listed investments	<u>203,658</u>	<u>168,122</u>
Interest from deposits	11,660	22,790
Total income from investment portfolio	<u>215,318</u>	<u>190,912</u>
Income from property	63,800	55,363
Total investment income	<u>279,118</u>	<u>246,275</u>

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

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2015 £	2014 £
Annual membership fees	2,416,735	2,385,563
Life membership fees	144,273	128,621
Temporary overseas membership fees	2,152	1,740
Reference ticket fees	2,245	2,188
Inter-Library loan fees	9,453	10,441
Total incoming resources from charitable activities	<u>2,574,858</u>	<u>2,528,553</u>

6 RESOURCES EXPENDED

6.1 Cost of generating funds	2015	2015	2015	2014	2014	2014
	Staff costs £	Other costs £	Total £	Staff costs £	Other costs £	Total £
Fundraising	239,801	36,689	276,490	249,656	41,676	291,332
Investment management fees	-	915	915	-	40	40
Total cost of generating funds	239,801	37,604	277,405	249,656	41,716	291,372
6.2 Resources expended on charitable activities						
Building and Facilities						
Management	203,177	455,863	659,040	203,277	526,742	730,019
Member Services	560,156	-	560,156	575,655	-	575,655
Bibliographic Services	283,416	3,983	287,399	330,249	2,476	332,725
Acquisitions	155,635	314,896	470,531	165,461	316,947	482,408
Collection Care	183,135	106,741	289,876	203,071	102,469	305,540
Information Technology	104,308	142,471	246,779	94,883	110,104	204,987
Administration	334,181	52,598	386,779	375,772	73,130	448,902
Marketing & Communications	87,810	90,107	177,917	93,834	104,610	202,444
Development Project	-	-	-	-	8,002	8,002
Resources expended on charitable activities	1,911,818	1,166,659	3,078,477	2,046,202	1,244,480	3,290,682
6.3 Governance Costs						
Audit fee	-	12,870	12,870	-	12,640	12,640
Legal & other professional costs	-	1,725	1,725	-	8,830	8,830
Total Governance Costs	-	14,595	14,595	-	21,470	21,470
TOTAL RESOURCES EXPENDED	2,151,619	1,218,858	3,370,477	2,295,858	1,307,666	3,603,524

7 TANGIBLE FIXED ASSETS

	Freehold Property £	Information Technology £	Total £
Cost			
At 1 April 2014	22,572,117	461,581	23,033,698
Additions	66,040	37,177	103,217
Disposals	(2,283)	(9,954)	(12,237)
At 31 March 2015	22,635,874	488,804	23,124,678

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7 TANGIBLE FIXED ASSETS continued

	Freehold Property	Information Technology	Total
	£	£	£
Depreciation			
At 1 April 2014	-	388,125	388,125
Charge for the year	-	47,517	47,517
Disposals	-	(9,954)	(9,954)
At 31 March 2015	-	425,688	425,688
Net book values			
At 1 April 2014	22,572,117	73,456	22,645,573
At 31 March 2015	22,635,874	63,116	22,698,990

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

	2015 £	2014 £
Market value at beginning of period	5,056,310	5,017,701
Proceeds of sale	-	(1,259,080)
Cost of purchases	599,989	1,259,989
Revaluation gains/(losses)	292,414	37,700
Market value at end of year	5,948,713	5,056,310

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

	2015 £	2014 £
Listed investments:		
UK	3,513,989	2,824,908
Outside UK	2,434,724	2,231,402
Total	5,948,713	5,056,310

9 DEBTORS

	2015 £	2014 £
Trade debtors	37,154	78,414
Other debtors	121,209	153,115
Prepayments and accrued income	564,035	547,397
Total	722,398	778,926

10 CREDITORS

Amounts due within one year:

	2015	2014
	£	£
Trade creditors	105,587	139,936
Other creditors	89,161	87,910
Accruals and deferred income	794,035	724,330
Total	988,783	952,176

11 ANALYSIS OF FUNDS

	B/fwd 01 April 14	Income 2015	Expenditure 2015	Revaluations 2015	Transfers 2015	C/fwd 31 March 15
	£	£	£	£	£	£
UNRESTRICTED FUNDS						
Tangible fixed assets	22,645,573	-	(47,517)	-	90,980	22,689,036
Designated funds						
Retro Cataloguing	5,549	-	-	-	(5,549)	-
<i>Catalyst</i>	-	29,877	-	-	(29,877)	-
Total designated funds	5,549	29,877	-	-	(35,426)	-
Reserves	4,671,273	3,365,684	(3,497,198)	148,045	91,457	4,779,261
Subtotal Operating Fund	27,322,395	3,395,561	(3,544,715)	148,045	147,011	27,468,297
Pension reserve	(1,495,000)	-	250,000	(416,000)	-	(1,661,000)
Total unrestricted funds	25,827,395	3,395,561	(3,294,715)	(267,955)	147,011	25,807,297
RESTRICTED FUNDS						
Development Appeal Fund	89,353	77,875	-	5,145	(63,757)	108,616
The London Library Trust	456,582	18,974	-	26,292	(67,580)	434,268
Supported memberships	-	10,652	-	-	(10,652)	-
Staff Benefit Fund	39,803	-	-	3,928	-	43,731
Other restricted funds	-	1,139	-	-	(1,139)	-
Total restricted funds	585,738	108,640	-	35,365	(143,128)	586,615
ENDOWMENT FUNDS						
Drue Heinz Literary Fund	1,577,888	64,145	(64,145)	90,863	-	1,668,751
Jacqueline Golden Endowment	285,743	11,616	(11,616)	16,455	-	302,198
Westminster School Memberships	29,275	1,190	-	1,686	(3,883)	28,268
Total endowment funds	1,892,906	76,951	(75,761)	109,004	(3,883)	1,999,217
Total funds	28,306,039	3,581,152	(3,370,476)	(123,586)	-	28,393,129

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 may set aside income from certain major legacies and other sources to fund special projects rather than general operating costs. Receipts of £29,877 from the sale of donated shares were applied to the implementation during the year of *Catalyst*, a new bibliographic research tool now available to members. Meanwhile the remaining balance from a previously designated legacy was applied to the costs of dedicated staff working on retrospective conversion of manual catalogue records.

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). Capital expenditure allocated to this fund during the year was limited to small-scale improvement works including an interim upgrade to the Members' Room.

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.

A donation from Basil Postan during 2013-2014 established an expendable endowment to fund a membership award scheme for students at Westminster School. The notional fee income relating to these memberships is 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.

	Unrestricted 2015 £	Restricted 2015 £	Endowment 2015 £	Total 2015 £
Tangible fixed assets	22,698,990	-	-	22,698,990
Fixed asset investments	3,452,477	497,019	1,999,217	5,948,713
Debtors and prepayments	722,398	-	-	722,398
Bank balances and cash in hand	1,583,215	89,596	-	1,672,811
Creditors and accrued charges: due within one year	(988,783)	-	-	(988,783)
Pension liability	(1,661,000)	-	-	(1,661,000)
Total net assets	25,807,297	586,615	1,999,217	28,393,129

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 2015 totalled £72,072 (2014: £53,474).

(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 2015, the contribution by the Library was £208,850 (2014: £202,000), 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 2016 is £215,950.

A valuation of the Fund has been prepared as at 31 March 2015 in accordance with the Financial Reporting Standards 17 "Retirement Benefits" (FRS17). The major assumptions used are as follows:

	2015	2014
Discount rate	3.3% per annum	4.3% per annum
Price inflation (RPI)	3.2% per annum	3.6% per annum
Price inflation (CPI)	2.2% per annum	2.4% per annum
Increases to pensionable pay	N/A	N/A
Increases to pensions in payment:		
– Limited Price Indexation (5%)	3.0% per annum	3.3% per annum
– Limited Price Indexation (2.5%)	2.0% per annum	2.1% per annum
Increases to pensions in deferment (employed members):		
– Non-GMP earned before 6/4/2009	3.2% 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	2.2% per annum	2.4% per annum
– Non-GMP earned after 6/4/2009	2.2% per annum	2.4% per annum
– GMP	Fixed rates	Fixed rates
Mortality		
– Before retirement	No allowance	No allowance
– After retirement	S1PA year of birth tables with CMI_2014 projections and a 1% pa long-term rate of improvement	S1PA year of birth tables with CMI_2013 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

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:

	2015	% weight	2014	% weight
	£		£	
Equities	3,928,000	50.2%	3,462,000	51.5%
Alternatives	383,000	4.9%	338,000	5.0%
Government Bonds	2,403,000	30.7%	1,974,000	29.3%
Corporate Bonds	1,122,000	14.3%	959,000	14.3%
Cash/other	(6,000)	-0.1%	(5,000)	-0.1%
Total	<u>7,830,000</u>	100.0%	<u>6,728,000</u>	100.0%
Actuarial liability	<u>(9,491,000)</u>		<u>(8,223,000)</u>	
Deficit in the fund	<u>(1,661,000)</u>		<u>(1,495,000)</u>	

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

	2015	2014
	£	£
Interest on pension scheme liabilities	349,000	353,000
Expected return on pension scheme assets	(390,000)	(315,000)
Total net expense/(income) recognised	<u>(41,000)</u>	<u>38,000</u>

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

	2015	2014
	£	£
Actuarial gain/(loss) on assets	712,000	7,000
Actuarial gain/(loss) on liabilities due to experience	16,000	25,000
Actuarial (loss)/gain on liabilities due to assumption changes	(1,144,000)	180,000
Actuarial (loss)/gain for the year	<u>(416,000)</u>	<u>212,000</u>
Cumulative actuarial (loss)/gain	<u>(2,480,000)</u>	<u>(2,064,000)</u>

Changes in the present value of liabilities during the year:

	2015	2014
	£	£
Liabilities at start of year	8,223,000	8,318,000
Interest cost	349,000	353,000
Actuarial (gain)/loss on liabilities due to experience	(16,000)	(25,000)
Actuarial loss/(gain) on liabilities due to assumption changes	1,144,000	(180,000)
Benefits paid	(209,000)	(243,000)
Liabilities at end of year	<u>9,491,000</u>	<u>8,223,000</u>

Changes in the fair value of assets during the year:

	2015 £	2014 £
Fair value of assets at start of year	6,728,000	6,447,000
Expected return on assets	390,000	315,000
Actuarial gain/(loss) on assets	712,000	7,000
Contributions by employer	209,000	202,000
Benefits paid (including expenses)	(209,000)	(243,000)
Fair value of assets at end of year	7,830,000	6,728,000
Actual return on assets	1,102,000	322,000

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:	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of liabilities	(9,491)	(8,223)	(8,318)	(7,612)	(6,491)
Fair value of assets	7,830	6,728	6,447	5,797	5,574
(Deficit)/Surplus	(1,661)	(1,495)	(1,871)	(1,815)	(917)
 Year ended 31 March:	 2015 £000	 2014 £000	 2013 £000	 2012 £000	 2011 £000
Experience gain/(loss) on liabilities	16	25	86	(104)	238
Experience gain/(loss) on assets	712	7	456	(113)	41

13 TRANSACTIONS WITH TRUSTEES

Trustees received no remuneration in connection with their trusteeship (2014: £Nil). No reimbursements were paid to trustees for expenses incurred on Library business (2014: £Nil).

14 STAFF COSTS

	2015 £	2014 £
Staff costs comprise:		
Gross salaries and wages	1,910,262	1,923,657
National Insurance	166,527	168,707
Pension costs	74,830	203,494
Total	2,151,619	2,295,858

In addition to the above, expenditure totalling £14,961 (2014: £18,101) on staff training and related consultancy is included within other costs under Administration in Note 6 to these financial statements.

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15 EMPLOYEES

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

	2015	2014
Building and Facilities Management	6	5
Member Services	18	18
Bibliographic Services	9	10
Acquisitions	4	4
Collection Care	7	7
Information Technology	2	2
Administration and Finance	7	7
Marketing	2	3
Fundraising	4	3
Total	59	59

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

	2015	2014
Range £60,000 – £70,000		
Number of employees	2	1
Employer's contributions under Group Personal Pension Plan	£7,108	£3,641
Range £70,000 – £80,000		
Number of employees	1	1
Employer's contributions under Group Personal Pension Plan	£4,376	£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 2015

DEVELOPMENT APPEAL FUND

Dr Richard Barber
 Brian and Sheila Boocock
 Sebastian Brock
 Margaret Buxton
 Trevor Coldrey
 The O J Colman Charitable Trust
 Jane Falloon
 Richard Freeman
 Michael Gainsborough
 Alastair Gavin
 Professor Isobel Grundy
 Baroness Hilton of Eggardon QPM
 The J P Jacobs Charitable Trust
 Rosemary James
 Peter Jamieson
 John Madell
 The Viscount Norwich
 Janet Rennie
 Peter Rowland
 Lord Runciman
 Sir John Sainty
 Sir Roy Strong
 Christopher Swinson
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The literary estates of Ian Parsons, Robert McNair Scott and Reay Tannahill have provided income from royalties

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The Rupert Brooke Society	Jean Symons	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) £
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)
¹ 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)
² 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
³ 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
2015	2,574,858	179,973	640,731	3,294,716	100,846

¹ 2008 figures re-stated in respect of deemed investment income and management fees

² 2010 figures re-stated to exclude grant from The London Library Trust eliminated on consolidation

³ 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 £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
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
² 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
³ 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
2015	4,779	(1,661)	3,118	22,689		25,807	587	1,999	28,393

¹ Financial year ended 31 March

² 2010 figures re-stated on consolidated basis including The London Library Trust

³ 2012 figures re-stated in respect of Drue Heinz Literary Fund (reclassified as endowment)

COMMENT

The negative pension reserves shown above relate to the long-term funding position of the pension scheme and not to immediate cash shortfalls. The large increase in tangible fixed assets over the period 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.

MEMBERSHIP AT YEAR-END

	Numbers at 31 March	
	2015	2014
Ordinary members	4,343	4,482
Spouse/partner members	266	277
Young Person members	344	355
Supported members (Trust/Byelaw 9)	356	379
Institutional members	152	149
Subtotal annual members	5,461	5,642
Life members	1,247	1,367
Total	6,708	7,009

TEN-YEAR SUMMARY OF MEMBERSHIP

Year	MEMBERS			
	Number at year-end	New members during year	Withdrawals during year	Increase/ (Decrease)
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)
2015	6,708	697	(998)	(301)
Average	7,267	704	(810)	(106)

USE OF THE LIBRARY

Year	BOOK PURCHASES		BOOKS CATALOGUED		CIRCULATION ¹	
	Expenditure in year (£)	Increase/ (Decrease) (£)	Number in year	Increase/ (Decrease)	Borrowed in year	Increase/ (Decrease)
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)
2015	314,896	(2,051)	8,151	27	76,768	(3,618)

¹ Circulation records only books borrowed and not books used only within the Library

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LIBRARY
INTERNATIONAL
FRIENDS



FOR OVER 30 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.

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The Library is also able to receive 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 operational in most European Union states.

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

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