

THE
LONDON
LIBRARY

2018
2019

Annual Report and Accounts 2018-2019

THE LONDON LIBRARY

Opening Hours

Monday	9.30 am - 9.00 pm
Tuesday	9.30 am - 9.00 pm
Wednesday	9.30 am - 5.30 pm*
Thursday	9.30 am - 5.30 pm
Friday	9.30 am - 5.30 pm
Saturday	9.30 am - 5.30pm
Sunday	CLOSED

*The Library may also be open between 5.30 pm and 9.00 pm on some Wednesdays, the dates of which are published on the Library's website. Please also refer to the website for arrangements around the public holiday periods.

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2 • ADMINISTRATIVE INFORMATION

Charity Name	The London Library
Registered office and principal place of business	14 St James's Square, London SW1Y 4LG
Incorporated by Royal Charter, registration number	RC000325
Charity Registration Number	312175

TRUSTEES

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

Chairman

Sir Howard Davies (2,4)

Treasurer

Philip Broadley (2,5)

Other Trustees

Isabelle Dupuy (4,5,7)

Will Harris (2,6)

Philip Hook (2,3,4)

Anthony McGrath (5,6)

Sophie Murray (1,6)

David Reade QC (6,7)

Rick Stroud (1,3,4)

Daisy Goodwin (3,4) (from 7 November 2018)

Elizabeth Herridge (3,4,5)

David Lough (4,5)

Giles Milton (1,3,6)

Sir Andrew Popplewell (1)

Peter Stewart (1,2)

Sara Wheeler (2,6,7)

TRUSTEE PLACEMENTS

(Young members who attend board meetings and committees, but do not have Trustee voting rights)

Frank Lawton (1,6)

Maria Zhivitskaya (4,5)

SENIOR STAFF as at 8 July 2019

Executive Team

Director (Chief Executive)

Director of Collections and Library Services

Finance Director

Development Director

Membership Director

Philip Marshall LLB (Hons) MBA

Matthew Brooke BA (Hons) MA

Peter Hyde MSci (Hons) FCA DChA

Philip Spedding BComm

Felicity Nelson BA (Hons) MA

Heads of Department

Building & Facilities Manager

Head of Acquisitions

Head of Bibliographic Services

Head of Collection Care

Head of Communications

Head of Development (Fundraising)

Head of IT

Head of Member Services

Jeremy Cox BSc (Hons)

Gill Turner BA (Hons) MA MCLIP

Dunia García-Ontiveros BA (Hons) MA MCLIP

Kate Sloss BA (Hons) PGDip

Julian Lloyd BA (Hons) MSc

Anna Clark BA (Hons)

Will David BA (Hons) MA MSc

Amanda Stebbings BA (Hons) MLib MCLIP

ADVISERS

Bankers

Barclays Bank plc

1 Churchill Place, London E14 5HP

Auditors

MHA MacIntyre Hudson

New Bridge Street House, 30-34 Bridge Street, London EC4V 6BJ

Solicitors

Bates Wells & Braithwaite LLP

10 Queen Street Place, London EC4R 1BE

Pension consultants

Broadstone Limited

55 Baker Street, Marylebone, London W1U 8EW

Investment Managers

Newton Investment Management

BNY Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA

BlackRock

12 Throgmorton Avenue, London EC2N 2DL

Key to Committees:

1 Buildings and Facilities Committee

2 Chairs Committee

3 Collections Committee

4 Development Committee

5 Finance Committee

6 Membership Committee

7 Nominations Committee



2018-19 has been a very active year for the Library as we work towards putting the Library onto a more sustainable financial footing and increasing its usage and external profile. We still have much work to do but we have achieved a number of notable early successes, many of which are outlined in this year's Annual Review.

It has been encouraging to have achieved the first year on year growth in membership since 2012 and to have delivered a reduction in the operating deficit, both areas forming key elements in our strategy to secure the Library's longer term financial position.

We have benefited again this year from the generous support of our many donors whose contributions remain fundamental to the Library's ability to offer the services it does. We have welcomed a number of new members to our Founders' Circle and also enjoyed a very strong response to our Windows Appeal,

enabling us to carry out much needed restoration work to the St James's stacks windows and to create new desk space for members there. As we attempt to build on the progress made during 2018-19, it is an encouragement to have such wide-ranging and committed support.

During the year, writer and TV producer Daisy Goodwin joined us as a Trustee and we are also very pleased to welcome theatre and film director Josie Rourke whom the Trustees have appointed to the role of Vice-President with effect from November 2019.

As we welcome new faces we remember with affection the contribution of several longstanding supporters of the Library who passed away during the year, including Vice-Presidents John Julius Norwich and John Richardson, and former Librarian Alan Bell. We are enormously grateful for the enduring contribution they made.

Howard Davies



The Library has always inspired and supported the curiosity and creativity of its users and this continues to be at the heart of our mission. However, we must do much more to extend the Library's reach so that many more people can benefit from our unparalleled lending collection, our tremendous online resources and our wonderful range of study spaces. We want to increase our impact by having more individuals engage directly with the Library, but also recognise that our impact extends to the wider audiences for the various works created by those individuals.

It was a great pleasure to discover in the last year that Bram Stoker had almost exclusively used the Library's collection to write his masterpiece *Dracula*. That work, of course, made Stoker's name but has also provided the world with one of the most well-known characters in literature. More than 120 years on we have launched our new Emerging Writers Programme, to make sure we are offering support to the Stokers of the future. This has got off to an exciting start and we very much hope to continue this Programme in the years ahead.

Crucial to extending our reach is raising our profile. The Library has for too long been a "hidden treasure" and many

who could benefit greatly from our collections and services simply do not know about us. In the last year we have done a great deal to address this. We have continued to develop our events programme at the Library, extending it to events at other venues such as the Henley Literary Festival and Bloomsbury Institute and, for the first time in our history, hosting a theatre production, *Bram Stoker's Dracula*, in the Reading Room. Our events, and the media exposure they create, have enabled us to engage with many potential users of the Library currently not in membership.

We continue to make sure that our unique collection remains relevant and up to date. This year we acquired 5,600 new books, added several major online subscriptions to our already extensive online resources and welcomed Matthew Brooke as our new Director of Collections and Library Services.

It has been very encouraging to see many more people, especially young people, engaging with the Library, whether through our growing membership or our various events, and we look forward to seeing this trend continue.

Philip Marshall

DRACULA

In October, we announced the extraordinary discovery made by our Development Director, Philip Spedding, of the original source books that Bram Stoker – a London Library member from 1890 to 1897 – had used to research his masterpiece, *Dracula*. 26 books, which had been on our shelves since the 1890s, were found to contain the faint pencil marginalia made by Stoker himself and were verified as key resources he had used to research his masterpiece. The story received worldwide media attention, and was widely covered in UK media including *The Times*, BBC Radio, and BBC Television. An exhibition of many of the books accompanied the six week run of Creation Theatre's innovative production of *Dracula*, held in the Reading Room in February and early March. The Library's first venture into hosting a theatre event was sold out throughout the run and over 1,600 people had a chance to see the Library and a compelling theatre performance at first hand.

DEVELOPING THE COLLECTION

The collection is the most vital part of the Library's appeal and we have continued to invest in its development, adding new material that helps strengthen and update key subject areas. 5,600 new books were acquired during the year, and we have also made major additions to our already extensive online resources – most notably adding the *Country Life Archive online*, *Early English Books Online* (130,000 titles containing more than 17 million digitally scanned pages) and *The British Newspaper Archive* (containing digital images of millions of pages from historical newspapers, both national and regional).

Our online cataloguing system Catalyst has also been improved. During the year we successfully incorporated the partial cataloguing records for thousands of titles that previously could not be searched online. The project means that 95% of our collection is now visible and searchable on Catalyst.

MEMBERSHIP GROWTH

For the first time in seven years, the Library achieved year on year growth in its membership (total membership ended the year 83 higher than in March 2018). This is a very welcome development and we have been particularly encouraged by our success in attracting young members. There was a 40% increase in Young Person members during the year, a trend that was further assisted by our raising the maximum age for Young Person's Membership from 24 to 26 from January 2019.

EVENTS AT THE LIBRARY

Our events programme has gone from strength to strength since its launch in January 2018. Nine ticketed events were held in the Library during the year and we have developed useful partnerships with City Read, the Henley Literary Festival, and the Bloomsbury Institute. An exciting and varied programme has featured speakers such as historian and author Joshua Levine, Pulitzer Prize winning author Jhumpa Lahiri, and bestselling author Jessie Burton. The majority of events have been completely sold out and non-members have accounted for nearly half the audience.

EMERGING WRITERS PROGRAMME

In January 2019, we announced our new Emerging Writers Programme, an important initiative designed to support writers at the start of their careers and to help develop their work.

The Programme – funded entirely through external donations – offers writers, in all genres, one year's free membership of The London Library which will include access to a programme of writing development masterclasses, literary networking opportunities, peer support and guidance in use of the Library's resources. The programme received an overwhelming response – 600 applications were received in total and, at our launch event in May 2019, 38 participants were welcomed onto the programme.

NEW FACILITIES

The St James's Windows appeal was launched in June 2018 raising £116,000 in total. We are very grateful for this generous support which not only enabled us to replace the ageing windows overlooking the Lightwell room but also to install 12 new desks overlooking St James's Square.

AWARD WINNERS

We were delighted to see two longstanding London Library members named in the Queen's 2018 Birthday Honours list, with knighthoods for novelist **Kazuo Ishiguro** and for historian and broadcaster **Simon Schama**.

In January 2019, Library member **Hannah Sullivan** won the prestigious T S Eliot Prize for her debut collection, *Three Poems*, much of which was written in the Library.

VICE-PRESIDENTS AND TRUSTEES

We were pleased to welcome **Daisy Goodwin** as a Library trustee. A writer, journalist and BAFTA winning TV producer, Daisy's recent work has included the book and screenplay for the bestselling international TV drama *Victoria*. In addition, the Library started a Trustee placement scheme to add the voices of two young people to board level discussions and we welcomed **Frank Lawton** and **Maria Zhivitskaya** who, in November 2018, began a two-year term as Library Trustee Placements.

REMEMBERING OUR SUPPORTERS

In celebrating a year of considerable achievement for the Library we also looked back with gratitude on the enormous contribution made by several longstanding supporters who passed away during the year. They include **Alan Bell**, Librarian of The London Library between 1993-2002; **Sir John Julius Norwich**, Library Vice-President and much-loved writer and broadcaster; and **Sir John Richardson**, celebrated art historian and Library Vice-President. We remember them all with great affection.

The Trustees of The London Library present their report and the audited accounts of the charity for the year ended 31 March 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the Annual Report and accounts of the charity.

The accounts have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document (Royal Charter), the Charities Act 2011 and Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, published on 16 July 2014.

INTRODUCTION

The London Library's charitable object is the advancement of education, learning and knowledge by the provision and maintenance of a Library in London. Founded in 1841 by Thomas Carlyle and others prominent in letters and affairs, the Library's primary purpose is to provide generations of readers, writers 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 and arts in each generation 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 by members, 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 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 and online resources 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. The collection reflects reading patterns over 180 years and as such is a unique and important asset. 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.

Fees are set 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 £535, or £44.58 per month, with the fee for annual membership paid by direct debit being £510. Corporate and charitable bodies pay relatively higher fees and nominate representatives who access the Library's facilities on their behalf. In addition, the Library offers Remote Access and Associate memberships at a significantly lower price than full membership, for those that wish to use the collection and the Library's resources either without full access to the building or at off-peak times. Young Person's Membership is available to anyone under the age of 27 at half the ordinary annual rate, and there were 448 members in this category at 31 March 2019, or 6.8% of the total membership (2018: 321 or 4.9%).

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, may be able to assist with top-up grants under the Carlyle Membership scheme. Each grant application is assessed carefully since resources are necessarily limited, but the Library seeks to provide support where there is clear evidence of need. The majority of grants paid represent a fee subsidy of between 30% and 60%. During the financial year 43 new Carlyle memberships were awarded (2018: 35) bringing the total number of members in receipt of this fee subsidy at 31 March 2019 to 319 or 4.8% of the total membership (2018: 340 or 5.3% of the total membership), the reduction in overall numbers being partly related to the increase in the age of Young Person's memberships. The total amount of such fee subsidies paid in the year was £68,975 (2018: £73,555), representing 2.7% of the Library's total income from annual membership fees (2018: 2.9%). A programme for emerging writers was launched in January receiving 600 applications, the programme is fully supported by donations and the cohort of 38 writers joined the Library in May 2019.

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.

The Library also puts on a busy programme of speaker and other events where tickets are available for purchase by both members and non-members.

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.

ACHIEVEMENTS AND PERFORMANCE

The Library's Strategic Plan for 2018/19 to 2022/23, 'New Foundations', was launched in autumn 2018. The key goals of the strategy are:

- 1 Substantially increase awareness of, access to and engagement with the Library (increasing its reach and impact)
- 2 Remove the annual operating deficit by the end of 2022/23 (placing the Library on a sustainable financial footing for future generations by funding the Library's operations from membership, investment and revenue fundraising income)

In order to achieve these goals eight key objectives have been set and progress against these objectives in 2018/19 is set out below.

Objective 1 – Raise our public profile (with external PR support) and create targeted marketing and communications campaigns to drive increased awareness, use and membership of the Library. We will give an additional focus to attracting and welcoming younger people to the Library.

Achievement:

The Library's public profile has been raised through a series of print and radio interviews and features during the year, including interviews with BBC radio during the Henley Literary Festival and a feature in the *Guardian* on the Library's collection of miniature books. In collaboration with Creation Theatre, the Library staged a sell-out run of 22 performances across six weeks of the stage play 'Dracula'. This followed on from the discovery on the Library's shelves of 26 of the 32 original books that Bram Stoker used to research Dracula. The discovery and subsequent staging of the play resulted in media exposure via television (BBC London), radio (Radio 4 and BBC London), various newspapers including *The Times*, *Financial Times*, *Evening Standard* and *Guardian*, and websites such as The Londonist. International coverage was gained across Europe as well as in countries ranging from Canada to India.

The maximum age for Young Person's Membership was increased from 24 to 26 and there was a 40% increase in Young Person's Members during the year. In addition, the Library started a Trustee Placement scheme to add the voices of two young people to board level discussions.

Membership of the Library increased by 83, the first increase since 2011/12.

Objective 2 – Create new ways to access and engage with the Library including:

- a high quality programme of events and outreach activity at the Library and other venues such as at literary festivals or partner venues (which will also contribute to achieving increased awareness of the Library);
- new ways to join or use the Library aimed at less frequent visitors and those for whom the membership fees are a major obstacle.

Achievement:

The Library has put on a regular and varied speaker event and panel discussion programme, which has proved successful in attracting non-members into the Library as well as building general awareness through the promotion of these events. The Library also partnered with the Henley Literary Festival and the Bloomsbury Institute to stage a number of talks at other venues.

Two new tiers of membership, Remote Access and Associate, were developed which launched in April 2019. These are offered at a lower price than full membership and are aimed at those who wish to use the collection and the Library's resources either without full access to the building or at off-peak times.

Objective 3 – Deliver new spaces at the Library to accommodate:

- our growing programme of events, outreach activity and private venue hire
- more reader spaces (necessary as use of the Library grows)
- comfortable, catered spaces where members can meet, share ideas and work in a less formal environment.

Achievement:

Plans are being developed for works on the issue hall, the front basement and the 6th floor of the central stacks to provide new facilities including additional reader spaces, catered spaces and an area for outreach activities to take place. In addition, 12 new reader spaces were added to the St James's Square stacks during the year.

Objective 4 – Find a new model for our library collection that allows for continued acquisition and maintains the accessibility and usefulness of the collection, while working within the twin constraints of available storage space and cost. We shall need to explore potential solutions such as: the movement of some of the collection to off-site storage; the increased collection of digital versus hard-copy items; and the removal of duplicate content. We shall need to focus

our on-site and digital collection resources on the content that will be most beneficial to existing and future users.

Achievement:

The Board of Trustees created a new Collections Committee to oversee the work on the collection capacity management strategy, which is ongoing. An extensive review of the use of the collection over the past six years was carried out and this led to a reduction in the rate of acquisition of foreign language materials, though a designated budget has been retained for foreign language requests by members. Spending on online and electronic resources has increased.

Objective 5 – Increase our revenue fundraising (i.e. expanding our Founders' Circle, creating an Annual Fund, delivering fundraising events), making fundraising a bigger proportion of our overall income.

Achievement:

Some generous single gifts enabled the Library to exceed its fundraising target by over £150,000 this year. However, the Library also successfully encouraged smaller donations through its annual appeal, with the St James's Windows appeal raising £116k, allowing the replacement of the windows and the addition of 12 new reader spaces. The Founders' Circle, a group of patrons who give regular donations, remains central to the Library's annual fundraising.

Objective 6 – Launch a major appeal to 're-found' the Library, consisting of an immediate capital fundraising campaign to finance the creation of new spaces, and a longer-term campaign to deliver a substantial endowment for the Library (returns on which will help support Library operations).

Achievement:

The Library is planning the launch of both the capital and endowment campaigns, which are expected to happen in the 2019/20 financial year.

Objective 7 – Develop new ways to increase our income from other sources, such as private venue hire (which will also support an increased awareness and use of the Library).

Achievement:

The opening hours were changed from January 2019 to allow Wednesday evenings to be available for venue hire, with extended opening hours on Monday and Tuesday to compensate for the earlier Wednesday closure. Both venue hire and merchandising income were up significantly during the year.

Objective 8 – Restrict cost increases, finding more ways to work more efficiently and seeking to minimise the impact on members.

Achievement:

All departments have carried out a review of direct and staff costs during the year, with savings and efficiencies being identified and implemented whilst seeking to maintain high levels of service to members. Overall cost increases were limited to well below inflation levels.

REVIEW OF OPERATIONS DURING THE YEAR

COLLECTIONS

We continued to add to the collection in all subject areas, with purchases totalling £293,179 (2018: £313,204). This total includes £65,180 (2018: £61,645) for digital/online resources (reflecting the growing importance of this aspect of the collection) and £77,960 (2018: £83,809) for periodicals. The cost of acquisitions is met in part from the income earned from the Drue Heinz Literary Fund totalling £79,236 (2018: £72,146).

During the year we received donations to the Book Fund totalling £12,417 (2018: £9,824) in addition to £2,471 (2018: £1,100) for the Adopt A Book scheme. We also added to the collection donated books and periodicals worth £4,675 (2018: £9,139). We are most grateful to all the donors listed on pages 38 to 42 for their generosity.

SERVICES

64,895 books were loaned during the year (2018: 66,893) including 4,619 (2018: 4,670) sent through the postal loans service and 105 (2018: 88) borrowed through the inter-library loan system on behalf of members. Some 67,547 (2018: 69,103) renewals were made either by members themselves online or by staff on members' behalf using a variety of methods.

We placed and processed 35,956 requests to retrieve and set aside material in the course of dealing with a wide range of enquiries from members (2018: 34,611).

In 2018-19 we added 5,619 volumes to the current catalogue in respect of books purchased or donated (2018: 5,812), and 6,706 volumes from the old printed catalogue to the online catalogue (2018: 5,286).

MEMBERSHIP

Total membership numbers began the year at 6,509 and increased to 6,592 at the end of March 2019. The net increase of 83 in the year comprises:

	Annual	Life	Total
New members	860	14	874
Commutations	(9)	9	-
Withdrawals/deaths	(749)	(42)	(791)
Net	102	(19)	83

Of the new annual members 239 were under the age of 27 (2018:154).

FUNDRAISING

The Founders' Circle raised £207,251 (2018: £182,289) including Gift Aid during the year. Donations to the Tom Stoppard Innovation Fund totalled £754,743 (2018: £928,889). £310,882 was received from the sale of a property which was part of the R M Chambers Settlement (2018: £0). Other unrestricted donations totalled £511,601 (2018: £202,062). Restricted donations totalled £157,453 (2018: £8,897) including £116,312 for the Library's St James's Stacks Windows appeal (2018: no equivalent), £3,168 for the Development Appeal Fund (2018: £3,791) and £35,513 for supported memberships (2018: £3,781). Events, merchandising and commercial sponsorship added a total of £41,080 (2018: £18,424). Legacy and estate income (including royalties from literary estates) totalled £112,438 (2018: £70,381). £1,072,667 was received into the Library's endowments (2018:£0). Income was in line with or exceeded targets in all main fundraising income categories and fundraising costs totalled £398,357 (2018: £340,117).

The London Library manages all solicitations internally, without the involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the Trustees and fundraising is carried out in compliance with the Library's formal Ethical Fundraising Policy, which emphasises the respect with which donors and prospective donors should be treated when approaches for donations are being made. The Library is not bound by any undertaking to be compliant with any regulatory scheme, however the Charity is a member of the Fundraising Regulator and complies with the relevant codes of practice. The Library reports any fundraising

complaints received to the Fundraising Regulator on an annual basis. No complaints were received during the year in relation to fundraising activities.

STAFF AND VOLUNTEERS

November 2018 saw the departure of Mary Gillies, the Library's Deputy Director, after nearly six years at the Library. She is succeeded by Matthew Brooke, who joined the Library from Royal Holloway College where he was the Acting Director of Library Services, in a role now entitled Director of Collections and Library Services.

We would like to thank the students from Camberwell College who joined our preservation work placement scheme this year. We are also grateful to Collection Care Volunteer John Perkins who continues to make a valuable contribution to our work and to Marit Tronslin and Karen Horn for their work on retrospective cataloguing.

PLANS FOR 2019-2020

As detailed in the Achievements and Performance section above, the Library's Strategic Plan for 2018/19 to 2022/23, 'New Foundations' includes the key goals:

- 1 Substantially increase awareness of, access to and engagement with the Library (increasing its reach and impact)
- 2 Remove the annual operating deficit by the end of 2022/23 (placing the Library on a sustainable financial footing for future generations by funding the Library's operations from membership, investment and revenue fundraising income)

Work on achieving these key goals will continue in 2019-20 focusing on the 8 specific strategic objectives, including making progress with capital building plans to provide more reader spaces, catered spaces and to facilitate venue hire and outreach activity.

HOW CAN MEMBERS HELP?

If you are a member there are a number of ways in which you can make a real difference. You can for example:

RECRUIT A NEW MEMBER

- Recommend the Library to your friends and encourage them to join (members recruiting a new member are eligible for a £50 discount on their next renewal)
- Enrol your partner, parents, children or grandchildren as members
- Encourage companies, institutions and schools to join as institutional members

SPREAD THE WORD

- Social media – get involved online with the growing conversation about the Library and its resources
- Encourage media to contact us about potential coverage or location work
- Let us know about books you are writing or researching in the Library – public acknowledgements in books or the media are really helpful
- Consider us for your book publicity events and venue hire

[For further information please contact Julian Lloyd (Head of Communications)]

SUPPORT OUR FUNDRAISING

- Join the Founders' Circle, and/or encourage other members with means and a strong interest in literary and cultural institutions to join
- Make a donation to support new acquisitions, or to support the Carlyle Membership scheme, helping into membership those who need the Library for their work but who would otherwise struggle to afford the full 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 Library Fund to support specific projects such the refurbishment of the Red Stairs lavatories.
- Introduce a potential donor or grant-making trust to the fundraising team
- If you are a US taxpayer, consider supporting the International Friends of The London Library, a registered 501(c) 3 charitable corporation based in New York

[For further information please contact Anna Clark (Head of Development – Fundraising)]

GET INVOLVED

- Offer an article to the Library magazine
- Offer to organise a member event

[For further information please contact Julian Lloyd (Head of Communications)]

You can also volunteer as a Trustee or committee member. See the Library's website for details of the process and timetable.

Finally, you can switch your payment method to direct debit to show your commitment and make administration easier.

[For further information please contact Ros Davidson (Senior Membership Manager)]

FINANCIAL REVIEW

The table below shows the Statement of Financial Activity arranged to separate operational results, fundraising activity and investment income. Full details can be found in the accounts.

	2019 £000	2019 £000	2018 £000	2018 £000	2017 £000	2017 £000
Operating Result						
Membership and Trading Income	2,747		2,705		2,801	
Less: related expenditure	<u>(3,852)</u>		<u>(3,835)</u>		<u>(3,958)</u>	
		(1,105)		(1,130)		(1,157)
Fundraising Activity						
Fundraising income	2,816		1,398		1,421	
Less: related expenditure	<u>(398)</u>		<u>(340)</u>		<u>(340)</u>	
		2,418		1,058		1,081
Net Investment income		257		240		332
Gains/(losses) in the value of investments		808		(170)		659
Reduction/(increase) in the estimated liability of the pensions deficit under accounting standards		<u>340</u>		<u>149</u>		<u>116</u>
Net movement in funds		<u>2,718</u>		<u>147</u>		<u>1,031</u>

The Library's overall surplus for the year is £2,718k. This is a significant increase on the prior year, but can primarily be explained by two significant donations from Drue Heinz totalling £1,824k, along with the improved performance of the Library's investments reflecting the underlying market performance.

The operating result detailed in the table above does not include any fundraising income and expenditure, which is detailed separately under fundraising activity. The Achievements and Performance section on page 8 notes that a key aim of the new strategic plan is to remove the operating deficit and that achieving this requires the inclusion of ongoing revenue fundraising income.

Including ongoing revenue fundraising income and expenditure along with membership and trading income and expenditure gives an operating deficit of £737k for the current year (2018: deficit of £860k). These figures do not include large one off donations, such as those detailed above from Drue Heinz, as these distort the underlying position.

Though there is still significant work to be done to address the Library's underlying financial issues, a positive start has been made in the first year of the Library's 5-year strategic plan, with the first increase in overall membership numbers since 2011-12, an increase in revenue fundraising income, along with tight control over costs.

The Library accounts for its book collection by charging the costs of acquisitions against income in the year they are made. While this is normal accounting practice a consequence is that the value of the Library's collection does not appear in these financial statements. The aggregate collection of over one million books is valued for insurance purposes at £25 million (see also note 1(h)).

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 below 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 a central guideline 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.

Tier	Purpose	Investment criteria	Target amount £m	Actual amount £m
1	Short-term working capital	Liquid, risk-free	1.0	1.0
2	Bridging income or cash shortfalls	Liquid, low-risk	3.2	3.2
	Minimum reserves target		4.2	4.2
3	Contingencies, growth and development	Liquid, medium-risk	-	1.0
	Total reserves			5.2

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.

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 free reserves, as set out in note 12 to the accounts, the Library holds designated funds of £20.9m, which represent the Library's buildings (including investment properties) and other tangible fixed assets and the balance held on the Tom Stoppard Innovation Fund. For the purposes of the reserves policy the balance held on the Tom Stoppard Innovation Fund has been added to the free reserves to give the actual reserves figure shown in the table above, as this fund is available to be spent on Library activity. Free reserves and designated funds together constitute the Operating Fund of £24.4m, which represents unrestricted funds excluding the pension reserve. The latter stands at £0.5m deficit, so net unrestricted funds total £23.9m.

The Library also has restricted income funds of £0.6m and endowment funds of £4.8m, so its total funds are £29.3m. Because the restricted income funds and endowments support the Library's activities over the longer term, the Trustees consider it appropriate to invest these funds in assets corresponding to Tier 3 in the table below, left.

Further details can be found in Note 12 to the accounts on pages 30 to 32 and under Organisational Information on page 43.

REVIEW OF INVESTMENT PERFORMANCE

Following an investment review in the prior year the Library's Tier 2 and Tier 3 investments are now held in two funds managed by Newton Investment Management.

The Library's investment objective is to achieve a good income return while protecting the long term real value of the capital. The fund holding the Tier 2 investments is managed to seek a minimum total return of one month LIBOR +4% per annum over five years and generated a return of 7.6% for the year compared to the benchmark index of 4.7%. The fund holding the Tier 3

and endowment investments has a minimum income yield target of 3% per annum while maintaining the real value of capital and generated a return of 12.2% for the year compared to the benchmark index of 7.1%.

The Library's financial investments generated income of £234,596 (2018: £237,919) and a net gain in value of £455,500 or about 5.95% (2018: loss of £169,551 or 2.35%). Interest income added a further £8,980 (2018: £1,356) and income from the Library's investment properties totalled £66,028 (2018: £51,474).

The value of the investment funds shown at the balance sheet date is arrived at after all investment management fees have been deducted. The fees charged to funds are at rates between 0.6% and 0.79% based on the value of the investments.

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 maintains a Risk Register which lists by category the key risks to which the Library is exposed and the monitoring and mitigation measures in place or under consideration. The register is kept under regular review and formally updated at least annually. The summary below explains the principal risks and uncertainties and how these are managed:

Strategy

The Library has robust arrangements to ensure that its strategy is set and implemented appropriately. These include a Strategic Plan, thorough recruitment processes for senior staff, formal Trustee recruitment and induction processes and periodic governance reviews. The Library does, however, recognise that it is currently still early in the current strategic cycle and the corresponding risk has therefore been given increased prominence in the Risk Register.

Operations

Operational risks cover a wide range, but the two most serious are physical disasters and dissatisfaction with the service provided to members. Protection against physical disasters has been significantly enhanced in recent years through improvements to the fire alarm system and the implementation of both detection and prevention measures in relation to water ingress. A Business Continuity Plan is also in place. Meanwhile close attention is paid to the needs and expectations of members, using training and induction seminars, to ensure that they make best use of the facilities available, which include additional space for members created during the year in the St James's Square stacks.

Finance

The Library is heavily dependent on membership subscriptions to fund its operations. These provide a steady stream of core income but can be subject to attrition from a variety of causes. Fee rates generally need to be increased in order to maintain service levels but to many individual members they represent a significant outlay that requires justification. The Library's membership marketing and retention strategy therefore seeks to emphasise what makes its offer unique.

However, membership fees are not sufficient on their own and must be supplemented by voluntary and investment income. In recent years the Library has been able to raise regular unrestricted donations at a substantial level mainly through the Founders' Circle, but maintaining such programmes requires significant effort and marketing. A key fundraising objective is therefore to seek endowment donations that will increase the permanent funds along with the implementation of new fundraising initiatives. Legacies remain an important source of income and future legacy pledges are being encouraged accordingly.

The Library has a defined benefit pension scheme (the Staff Superannuation Fund) which was closed to further accrual in April 2011, as a major step in mitigating the risk associated with it. The scheme remains in deficit, but contributions have been agreed with the actuary to reduce it over the next 8 years.

Legal compliance

The Library regularly monitors new and proposed legislation, taking specialist advice where necessary, so this is not in general considered a major risk area. The area of greatest focus at present is the General Data Protection Regulation (GDPR), which came into force against a backdrop of increased regulatory and media scrutiny of the fundraising practices of charities.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The London Library is a registered charity (number 312175), incorporated by Royal Charter dated 6 July 2004. It has its own Byelaws and the power to alter its own Rules. It has a royal Patron and Vice-Patron as well as a President and Vice-Presidents appointed by the Trustees subject to confirmation by members at the next AGM. The Patrons, 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.

DELEGATION OF POWERS

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 Library Director 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 Director, as Chief Executive and Librarian, heads the Executive Team which also includes the Collections and Library Services Director, the Finance Director, the Development Director and the Membership Director.

In accordance with the Charter, the Trustees have delegated certain powers to specialist committees under agreed terms of reference. The committees currently in place are the Building and Facilities Committee, the Chairs' Committee, the Collections Committee, the Development Committee, the Finance Committee, the Membership Committee and the Nominations Committee.

The Library's specialist committees may include members with specialist skills and experience who are not current Trustees (although some may be former Trustees). In particular, the Trustees are grateful to Alain Aubry, Jocelyn Ridley, Charles Spicer and Tim Sullivan for the valuable services provided on the Collections Committee, Nominations Committee, Buildings and Facilities Committee and Membership Committee respectively during 2018-2019. Thanks are also due to those who served as trustees of the Staff Superannuation Fund during the year: Rosemary Morgan, Alan Saunders, Alison Sproston, Richard Templeton, Gill Turner and Keith Wallace.

REMUNERATION POLICY FOR KEY MANAGEMENT PERSONNEL

The Trustees consider that the Library's Key Management Personnel comprise the Trustees and the Executive Team, whose members are defined above. The Trustees give of their time freely and no Trustee received any remuneration during the year. Details of transactions with Trustees and other related parties are disclosed in Note 14 to the accounts.

Salaries for all staff (including Executive Team members except the Director and the Development Director) are based on the single-spine pay scale set by the Universities and Colleges Employers Association (UCEA), and cost-of-living pay awards follow those recommended by UCEA. For certain posts the scale salary may be supplemented by a market addition which is not subject to annual increases. Base salaries for the Director and the Development Director correspond to professorial posts and as such are negotiated separately by reference to appropriate sectoral benchmarks, but cost-of-living pay awards match those of UCEA. Details of the total employee benefits for Key Management Personnel are included in Note 15 to the accounts.

Jobs within the Library are evaluated by specially convened panels using a scoring matrix which takes into account factors such as responsibility, discretion in decision-making, problem-solving and communication with others. The Library operates a Review & Development programme which aims to monitor the performance of staff against agreed objectives while encouraging them to maximise their potential.

APPOINTMENT AND RETIREMENT OF TRUSTEES

Trustees other than the Chairman and Treasurer serve for four years before retiring by rotation but are eligible for immediate re-election for one 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. During the year the Trustees carried out a formal assessment of Trustee effectiveness.

SUBSIDIARY AND RELATED BODIES

The London Library Trust, a linked charity (registered number 312175-1) was set up 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. The Library also has a wholly-owned subsidiary company, London Library Enterprises Ltd, which has no assets and has not traded since incorporation.

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 received £31k in the year from the sale of one of the properties (2018: £0).

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;

- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2015 (FRS 102), issued on 16 July 2014) and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure is purely a technicality and is due to the successor Regulations which underpin the Charities SORP 2015 (FRS 102) not yet being issued. This departure has involved following the Charities SORP 2015 (FRS 102) rather than the previous SORP, Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

Approved by the Trustees on 8 July 2019 and signed on their behalf by

Sir Howard Davies
CHAIRMAN

Philip Broadley FCA
TREASURER

Philip Marshall
DIRECTOR

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

Opinion

We have audited the financial statements of The London Library (the 'charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019, 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 requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
EC4V 6BJ

Date

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
INCOME AND ENDOWMENTS						
FROM:						
Donations and legacies	2	1,586,033	157,453	1,072,667	2,816,153	1,398,104
Charitable activities	5	2,706,247	-	-	2,706,247	2,686,485
Other trading activities	3	41,080	-	-	41,080	18,424
Investments	4	184,613	124,990	-	309,603	290,749
TOTAL		4,517,973	282,443	1,072,667	5,873,083	4,393,762
EXPENDITURE ON:						
Raising funds	6.1	745,513	28,718	-	774,231	675,623
Charitable activities	6.2	3,268,737	260,323	-	3,529,060	3,550,930
TOTAL	6	4,014,250	289,041	-	4,303,291	4,226,553
NET INCOME/(EXPENDITURE)						
before investment (losses)/gains		503,723	(6,598)	1,072,667	1,569,792	167,209
Net gains/(losses) on investments	8	478,588	44,739	285,022	808,349	(169,552)
NET INCOME/(EXPENDITURE)		982,331	38,141	1,357,689	2,378,141	(2,343)
Transfers between funds	12	36,571	(36,571)	-	-	-
OTHER RECOGNISED GAINS & LOSSES:						
Actuarial gains/(losses) on defined benefit pension scheme	13	340,000	-	-	340,000	149,000
NET MOVEMENT IN FUNDS		1,358,882	1,570	1,357,689	2,718,141	146,657
FUNDS AT START OF YEAR	12, 19, 20	22,604,327	557,337	3,396,050	26,557,714	26,411,057
FUNDS AT END OF YEAR	12, 19	23,963,209	558,907	4,753,739	26,275,855	26,557,714

The notes on pages 22 to 37 form part of these accounts.

BALANCE SHEET as at 31 March 2019

	Note	31 March 2019 £	31 March 2018 £
FIXED ASSETS			
Tangible fixed assets	7	18,156,524	18,320,140
Investment properties	8.1	1,018,182	885,833
Financial investments	8.2	7,656,302	7,200,802
TOTAL FIXED ASSETS		26,831,008	26,406,775
CURRENT ASSETS			
Debtors and prepayments	10	764,422	853,600
Bank balances and cash in hand		3,187,885	1,292,459
		3,952,307	2,146,059
LIABILITIES			
Creditors: amounts due within one year	11	(425,119)	(424,899)
NET CURRENT ASSETS		3,527,188	1,721,160
TOTAL ASSETS LESS CURRENT LIABILITIES			
		30,358,196	28,127,935
Creditors: amounts due after more than one year	11	(626,341)	(598,221)
NET ASSETS excluding pensions liability		29,731,855	27,529,714
Pension liability		(456,000)	(972,000)
TOTAL NET ASSETS		29,275,855	26,557,714
Represented by			
RESTRICTED INCOME FUNDS		558,907	557,337
ENDOWMENT FUNDS		4,753,739	3,396,050
UNRESTRICTED FUNDS excluding pension liability		24,419,209	23,576,327
Pensions reserve	13	(456,000)	(972,000)
Total unrestricted funds		23,963,209	22,604,327
TOTAL CHARITY FUNDS	12	29,275,855	26,557,714

Approved and authorised for issue by the Trustees on 8 July 2019 and signed on their behalf by

Sir Howard Davies
CHAIRMAN

Philip Broadley FCA
TREASURER

Philip Marshall
DIRECTOR

The notes on pages 22 to 37 form part of these accounts.

STATEMENT OF CASH FLOWS for the year ended 31 March 2019

	<i>Note</i>	2019	2019	2018	2018
		£	£	£	£
Net cash flow from operating activities	18		1,437,073		(99,442)
Cash flows from investing activities					
Dividends, interest and rent from investments		309,603		290,748	
Proceeds from sale of investment property		220,500		-	
Proceeds from sale of tangible fixed assets		-		-	
Payments to acquire tangible fixed assets		(71,750)		(16,778)	
Proceeds from sale of investments		1,066,607		-	
Payments to acquire investments		<u>(1,066,607)</u>		<u>-</u>	
Net cash flow from investing activities			458,353		273,970
Increase/(decrease) in cash and cash equivalents			<u>1,895,426</u>		<u>174,528</u>
Cash and cash equivalents at start of year			1,292,459		1,117,931
Cash and cash equivalents at end of year			<u>3,187,885</u>		<u>1,292,459</u>
Analysis of cash and cash equivalents					
Cash in hand			3,187,885		1,292,459
Notice deposits			-		-
Total cash and cash equivalents			<u>3,187,885</u>		<u>1,292,459</u>

The notes on pages 22 to 37 form part of these accounts.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) General information and basis of preparation

The London Library is a registered Charity (number 312175) with the Charity Commission in England & Wales, and is incorporated by Royal Charter. It constitutes a public benefit entity as defined by FRS 102. The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The accounts are prepared in sterling which is the functional and presentational currency of the Charity, rounded to the nearest pound. The registered office and principal place of business is as stated on page 2.

The significant accounting policies applied in the preparation of these accounts are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Preparation of the accounts on a going concern basis

The accounts are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The Trustees consider that this remains an appropriate basis for the preparation of the accounts as no material uncertainties exist which would threaten the going concern status. The Library is expected to continue in operational existence for the foreseeable future, based on the strategic plans in place, the related financial budgets and forecasts, and its satisfactory reserves position, as detailed in the Trustees' Annual Report and in Note 12.

(c) Fund accounting

The charity's funds are shown in Note 12.

Unrestricted funds are those available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in Note 12.

The Charity's Operating Fund comprises the designated funds together with the free reserves (which exclude the pension reserve). Donations and legacies which are not restricted for any other purpose are credited to the Operating Fund.

Endowment funds represent those donations and gifts which have been given to the Library for the purpose of providing a permanent asset base from which investment income is generated. Depending on the terms of the gift, this income may be restricted or unrestricted as detailed in Note 12.

Gains and losses arising from the revaluation of investments are allocated to the funds in proportion to the opening carrying value of the fund class.

(d) Income

All incoming resources are included in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Donations are recognised on receipt or, if earlier, when the Charity has been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the Charity has control over the item. Fair value is determined on the basis of the value of the gift to the Charity. For example the amount the Charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the accounts for volunteer time in line with the Charities SORP (FRS 102). Further detail about volunteers is given in the Trustees' Annual Report.

Legacies are recognised when the Charity has entitlement to the legacy (confirmed through the granting of probate), its receipt is probable and the value of the legacy can be measured with reasonable accuracy.

Annual membership subscriptions are recorded in full in the year in which they become due. Life membership fees have been credited to the SOFA over a period of 10 years for new memberships up to 31 March 2016 and over 15 years for new memberships between 1 April 2016 and 31 March 2017 and over 25 years from 1 April 2017.

Income from trading activities includes income earned from events and venue hire, and from merchandising sales, and is recognised in the period the event or sale takes place.

Investment income is earned through holding assets for investment purposes such as listed investments, gilts and property. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. Dividend and rental income is recognised as the Charity's right to receive payment is established. Accrued interest on gilt securities, where there is no intention to sell the investment before the interest is due, is recognised in the SOFA as a component of investment income, as it is not part of the underlying fair value of the related investment.

(e) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the headings shown in Note 6.

The Charity is registered for VAT. Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(f) Support costs

Support costs are those that assist the work of the Charity but do not directly represent charitable activities and include IT costs, administration and governance costs. Support costs are all allocated to charitable activities as shown in Note 6. Governance costs comprise those costs which are related to the strategic management of the Charity and compliance, and include legal, audit and other professional fees, together with an allocation (20%) of administration costs.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes those directly attributable to making the asset capable of operating as intended.

Assets which are separately identifiable and cost less than £1,000 are not capitalised, other than where purchased as a group of assets or in the case of information and communications technology where a lower threshold of £100 applies.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	Not depreciated
Freehold property and improvements	0.5% per annum
Plant and equipment	5% per annum
Furniture and fittings	4% per annum
Information and communications technology	20% per annum

The depreciation rates take into account the nature and use of the Library's assets and the continuous maintenance programme to which they are subject.

(h) Heritage assets

The Charity's collection is made up over one million books which have accumulated over its lifetime; details are included in the Trustees' Annual Report and in Note 9. The collection is insured for £25 million, however it is not included on the Charity's balance sheet on the basis that reliable information on its cost (if purchased) or valuation (if donated) is not available or the cost of providing such information significantly outweighs any benefit to the users of these accounts. Additionally the collection is fundamentally a working asset. Where acquisitions or donations of individual items are material, cost or valuation can be measured reliably and the acquisition or donation is deemed to have heritage value these items will be included on the balance sheet and then subsequently depreciated. Fair values for donated assets are estimated by reference to market prices, where available.

(i) Investment properties

Investment properties are measured at fair value at each reporting date. Fair value is attributed on the basis of a yield on the rental income, which is based on surveyors' estimates. No value is attributed to the underlying land. The Trustees review this valuation regularly, with any changes in fair value being recognised in 'net gains/(losses) on investments' in the SOFA. Sales proceeds from lease extensions are treated as disposals.

(j) Fixed asset investments

Fixed asset investments in quoted shares, traded bonds and similar investments are measured initially at cost and subsequently at fair value (the bid price) at the reporting

date with changes recognised in 'net gains/(losses) on investments' in the SOFA.

(k) Debtors receivable and creditors payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(l) Provisions

Provisions are recognised when the Charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

(m) Leases

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

(n) Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between sterling and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

(o) Pension arrangements

The Charity offers a Group Personal Pension Plan (a defined contribution scheme) through Scottish Widows for the benefit of its employees. Employer contributions are charged through the SOFA as they become payable. The liability and expense are allocated based on the nature of the staff members' role and are allocated against unrestricted funds.

The Charity also operates the Library's Staff Superannuation Fund (SSF), a defined benefit scheme, which was closed to new entrants and to future accrual on 1 April 2011. A liability for the Charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using methodology in accordance with FRS 102. Further details are provided in Note 13.

(p) Taxation

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010, hence is able to take advantage of applicable charity tax exemptions for UK corporation tax purposes.

(q) Consolidation

The Library has a subsidiary trust, The London Library Trust, of which it is the sole Trustee and which has objects narrower than those of the Library itself. The Trust is dealt with in these accounts as a restricted fund. The Library also holds 100% of the share capital of London Library Enterprises Limited, registered in England and Wales (number 08229985). The company has nil net assets and has not traded since it was incorporated in September 2012, hence it is not consolidated in these accounts.

(r) Judgements and key sources of estimation uncertainty

The following judgements have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the accounts:

- Depreciation rates for tangible fixed assets
- Basis of valuation of investment properties and financial investments
- Actuarial assumptions resulting in the valuation of the Defined Benefit pension scheme's assets and liabilities

(s) Financial instruments

The Charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity and their measurement basis are as follows:

Financial Assets – Trade and other debtors and accrued income are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 10. Prepayments are not financial instruments.

Investments – All investments are classified as basic financial instruments and held at their fair value.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial Liabilities – Trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 11. Taxation and social security are not included in the financial instruments disclosure. Deferred income and deferred life membership fees are not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver charitable services rather than cash or another financial instrument.

t) Employee benefits

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

2 DONATIONS AND LEGACIES

	2019	2018
	£	£
<i>Unrestricted funds</i>		
Donations	718,853	377,151
Legacies	112,437	70,381
Donations to Tom Stoppard Innovation Fund	754,743	928,889
Gifts in Kind	-	7,200
Subtotal unrestricted	<u>1,586,033</u>	<u>1,383,621</u>
<i>Restricted funds</i>		
Donations to the Development Appeal Fund	3,168	3,791
Legacies for the Development Appeal Fund	2,235	5,587
Donations for supported membership	35,704	4,165
Other restricted donations	116,346	940
Subtotal restricted	<u>157,453</u>	<u>14,483</u>
<i>Endowment funds</i>		
Donations for endowments	1,072,667	-
Subtotal endowment	<u>1,072,667</u>	<u>-</u>
Total income from donations and legacies	<u>2,816,153</u>	<u>1,398,104</u>

3 OTHER TRADING ACTIVITIES

	2019	2018
	£	£
Events and venue hire	31,344	15,943
Commercial sponsorship	-	-
Merchandising sales	9,736	2,481
Total income from other trading activities	<u>41,080</u>	<u>18,424</u>

4 INVESTMENT INCOME

	2019	2018
	£	£
Income from listed investments		
UK	234,596	237,919
Outside UK	-	-
Total income from listed investments	<u>234,596</u>	<u>237,919</u>
Interest from deposits	8,979	1,356
Total income from investment portfolio	<u>243,575</u>	<u>239,275</u>
Income from property	66,028	51,474
Total investment income	<u>309,603</u>	<u>290,749</u>

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

5 INCOME FROM CHARITABLE ACTIVITIES

	2019	2018
	£	£
Annual membership fees	2,555,949	2,511,619
Life membership fees	130,523	150,220
Temporary overseas membership fees	1,877	1,676
Reference ticket fees	3,940	3,981
Inter-Library loan fees	13,958	18,989
Total income from charitable activities	<u>2,706,247</u>	<u>2,686,485</u>

6 EXPENDITURE

	2019 Staff costs £	2019 Other costs £	2019 Total £	2018 Staff costs £	2018 Other costs £	2018 Total £
6.1 Raising funds						
Fundraising	320,358	52,899	373,257	299,283	40,835	340,118
Marketing & Communications	195,428	152,834	348,262	171,332	112,943	284,275
Investment Management Fees	-	52,712	52,712	-	51,230	51,230
Total	515,786	258,445	774,231	470,615	205,008	675,623
6.2 Charitable activities						
Library operations						
Building and Facilities						
Management	238,733	827,954	1,066,688	235,829	779,123	1,014,952
Member Services	621,210	-	621,210	690,312	-	690,312
Bibliographic Services	240,570	2,355	242,925	226,120	4,047	230,167
Acquisitions	180,998	293,179	474,177	173,170	313,204	486,374
Collection Care	217,248	99,979	317,227	227,330	111,164	338,494
Subtotal	1,498,760	1,223,467	2,722,227	1,552,761	1,207,538	2,760,299
Support costs						
Information Technology	140,780	147,834	286,613	123,282	139,422	262,704
Administration	325,612	74,736	400,348	324,372	78,315	402,687
Governance	81,403	36,470	117,872	81,093	44,147	125,240
Subtotal	547,794	259,040	806,834	528,747	261,884	790,631
Total charitable activities	2,046,554	1,482,506	3,529,060	2,081,508	1,469,422	3,550,930
Total expenditure	2,562,340	1,740,951	4,303,291	2,552,123	1,674,430	4,226,553

The Library's charitable object is the advancement of education, learning and knowledge by the provision and maintenance in London of a library embracing the arts and humanities. The running of The London Library is a single activity to which various specialist departments contribute, rather than a set of independent activities. The costs attributable to these specialist departments are set out in the table above. Further details can be found in the Trustees' Annual Report.

The Library's Administration department comprises finance and human resources staff as well as the Director, the Deputy Director and Finance Director, who are members of the Executive Team. 20% of the expenditure incurred by this department is considered attributable to governance and is allocated accordingly.

	2019 Staff costs £	2019 Other costs £	2019 Total £	2018 Staff costs £	2018 Other costs £	2018 Total £
Governance costs						
Administration allocation	81,403	18,684	100,087	81,093	19,579	100,672
Audit fees	-	13,135	13,135	-	15,325	15,325
Legal & professional fees	-	4,650	4,650	-	9,243	9,243
Total	81,403	36,470	117,872	81,093	44,147	125,240

As explained in Note 9, the capital value of the Library's collection is not included in the accounts, but the cost of acquisitions is charged against income in the year that they are made. The table below summarises these acquisitions over the last five financial years. The acquisitions comprise monographs and periodicals but not digital or online materials.

Acquisitions

Five-year expenditure excluding digital material	2019 £	2018 £	2017 £	2016 £	2015 £
Purchases	248,804	251,030	275,363	256,620	272,934
Donations	4,675	9,139	16,200	16,600	22,718
Total acquisitions	253,479	260,169	291,563	273,220	295,652
Items added to current catalogue	5,619	5,812	7,431	7,961	8,151

7 TANGIBLE FIXED ASSETS

	Freehold Property £	Plant and Equipment £	Furniture and Fittings £	Information Technology £	Total £
Cost					
At 1 April 2018	17,969,031	2,061,299	408,928	512,552	20,954,810
Additions	-	-	39,318	32,433	71,750
Disposals	-	-	-	-	-
At 31 March 2019	17,969,031	2,061,299	448,246	547,985	21,026,560
Depreciation					
At 1 April 2018	1,035,353	1,002,366	116,465	480,486	2,634,670
Charge for the year	87,152	103,065	15,568	29,581	235,366
Disposals	-	-	-	-	-
At 31 March 2019	1,122,505	1,105,431	132,033	510,067	2,870,036
Net book values					
At 1 April 2018	16,933,678	1,058,933	292,463	35,066	18,320,140
At 31 March 2019	16,846,526	955,868	316,213	37,917	18,156,524

8 FIXED ASSET INVESTMENTS

8.1 Investment properties	2019 £	2018 £
Market value at beginning of year	885,833	885,833
Sale proceeds	(220,500)	-
Revaluation gains	352,849	-
Market value at end of year	1,018,182	885,833

Investment properties comprise a café and a commercial art gallery rented to tenants on short leases. A review of the yield on rental income was carried out during the year and the market value of the two properties was revised accordingly. The sale proceeds shown above represent the lease extensions of two of the six long leasehold flats owned by the Library. All these properties are contiguous to the Library's operational property and share some structure and services with it.

8 FIXED ASSET INVESTMENTS continued**8.2 Financial investments**

	2019	2018
	£	£
Listed investments:		
Market value at beginning of year	7,200,802	7,370,354
Cost of purchases	1,066,607	-
Disposals	(1,066,607)	-
Revaluation (losses)/gains	455,500	(169,552)
Market value at end of year	<u>7,656,302</u>	<u>7,200,802</u>

All the above investments are pooled funds valued by reference to such investments.

	2019	2018
	£	£
Listed investments:		
UK	7,656,302	7,200,802
Outside UK	-	-
Total	<u>7,656,302</u>	<u>7,200,802</u>

9 HERITAGE ASSETS

The Library's collection comprises over one million books, mainly in the humanities, and its historic core reflects the world view of its Victorian founders. The Collection Development policy seeks to ensure that the Library acquires newly-published works of lasting value rather than ephemeral interest, as well as older materials which enhance its coverage of particular areas. The Library may also accept important items at risk of loss to scholars through the dispersal of other collections. The vast majority of books in the collection are available for loan, but some 40,000 of the oldest, rarest and most vulnerable items are secured within closed stacks and available for supervised consultation.

Although the Library takes great pride in its institutional heritage, fundamentally its collection is a working asset which is intended to be used by readers, writers and researchers rather than simply admired from a distance. The Collection Care team is responsible for ensuring that the collection is housed, maintained and preserved in a manner appropriate to this objective, as well as within the constraints imposed by a Grade II listed building and a degree of compromise between the needs of readers and the books themselves. Given these factors, as well as the fact that the cost of individual assets is below the capitalisation threshold, and most importantly the expense and difficulty of obtaining detailed valuations of the materials in its collection, the Trustees believe it is appropriate not to place a capital value on it in the accounts.

The Library's unique subject-based catalogue lends itself particularly well to serendipitous discoveries from browsing, although it can create certain challenges. The implementation in 2014-2015 of the Primo/SFX discovery tool under the name Catalyst significantly enhanced the functionality of the online catalogue. The Bibliographic Services team are responsible for adding all new acquisitions to the online catalogue as well as the retrospective creation of digital records for items in the historic collection.

10 DEBTORS

	2019	2018
	£	£
Trade debtors	43,695	38,743
Other debtors	112,293	130,072
Prepayments and accrued income	608,434	684,785
Total	<u>764,422</u>	<u>853,600</u>

11 CREDITORS

Amounts due within one year:

	2019	2018
	£	£
Trade creditors	118,400	157,852
Taxes and social security	53,043	53,309
Other creditors	31,394	41,701
Accruals and deferred income*	108,231	47,437
Life membership fees deferred	114,052	124,600
Total	425,119	424,899

Amounts due after more than one year:

	2019	2018
	£	£
Life membership fees deferred	626,341	598,221
Total	626,341	598,221

Income from life membership fees has been recognised over ten years from the year of receipt for new memberships up to 31 March 2016, over 15 years for new memberships between 1 April 2016 and 31 March 2017 and over 25 years for new memberships from 1 April 2017. The Trustees keep this policy under review in the light of operational experience and general trends in life expectancy.

The movements in deferred life membership income are set out below:

	2019	2018
	£	£
Deferred income at start of year	722,821	699,041
Life membership fees received in year	148,095	174,000
Income recognised in year	(130,523)	(150,220)
Deferred income at end of year	740,393	722,821
To be recognised within one year	114,052	124,600
To be recognised after more than one year	626,341	598,221
Total as above	740,393	722,821

* The movements in other deferred income, being comprised of rental and event income, are set out below:

	2019	2018
	£	£
Deferred income at start of year	6,620	6,137
Amount released to income in the year	(6,620)	(6,137)
Amount deferred in the year	13,084	6,620
Deferred income at the end of year	13,084	6,620

12 ANALYSIS OF FUNDS

	B/fwd 01 April 18 £	Income 2019 £	Expenditure 2019 £	Revaluations 2019 £	Transfers 2019 £	C/fwd 31 March 19 £
Unrestricted funds						
Designated funds						
Tangible fixed assets	18,320,139	-	(235,366)	-	71,750	18,156,524
Investment properties	885,833	-	-	-	132,349	1,018,182
Tom Stoppard Innovation Fund	942,889	-	-	-	754,743	1,697,632
Total designated funds	20,148,861	-	(235,366)	-	958,842	20,872,338
Free reserves	3,427,466	4,517,973	(3,954,884)	478,588	(922,271)	3,546,872
Subtotal Operating Fund	23,576,327	4,517,973	(4,190,250)	478,588	36,571	24,419,210
Pension reserve	(972,000)	-	176,000	340,000	-	(456,000)
Total unrestricted funds	22,604,327	4,517,973	(4,014,250)	(818,588)	36,571	23,963,210
Restricted funds						
Development Appeal Fund	230,206	13,423	(26,924)	19,255	-	235,960
The London Library Trust	262,335	9,332	(71,054)	21,942	-	222,554
Supported memberships	-	2,113	(2,113)	-	-	-
Emerging Writers Programme	-	33,400	-	-	-	33,400
Staff Benefit Fund	53,156	-	-	3,542	-	56,698
Drue Heinz Literary Fund	-	102,565	(102,565)	-	-	-
Westminster School Memberships	-	946	(3,692)	-	2,747	-
Julio and Maria Marta Núñez Memorial Fund	7,081	4,159	(946)	-	-	10,294
St James's Stack appeal	-	116,312	(76,994)	-	(39,318)	-
Other restricted funds	4,559	194	(4,753)	-	-	-
Total restricted funds	557,337	282,443	(289,042)	44,739	(36,571)	558,907
Endowment funds						
Drue Heinz Literary Fund	2,943,628	1,066,667	-	246,208	-	4,256,503
Jacqueline Golden Endowment	313,004	-	-	26,180	-	339,184
Westminster School Memberships	27,138	-	-	2,270	-	29,408
Julio and Maria Marta Núñez Memorial Fund	112,280	6,000	-	10,365	-	128,645
Total endowment funds	3,396,050	1,072,667	-	285,022	-	4,753,739
Total funds	26,557,714	5,873,083	(4,303,292)	1,148,349	-	29,275,855

Transfers

Transfers from free reserves to tangible fixed assets represent capital expenditure, as shown in Note 7. Transfers from investment properties to free reserves represent the net gain/loss from the sale of such properties, as shown in Note 8. Transfers from free reserves to the designated Tom Stoppard Innovation Fund represent the income received and earmarked for the fund. Transfers from restricted or endowment funds to free reserves reflect the discharge of the conditions applicable to the respective funds. Transfers from free reserves to restricted and endowment funds are to provide a fair and reasonable apportionment of the investment returns attributable to each fund. Transfers to the Westminster School Memberships fund represent the excess of the cost of the memberships over income in the year. The transfer from the St James's Stack appeal represents the balance on the capitalised desks and chairs purchased from the appeal funds being transferred to the designated fixed asset reserve.

Unrestricted funds

Unrestricted funds comprise free reserves, designated funds and the pension reserve.

Free reserves are funds which are not subject to any legal or operational restriction as to their application. Designated funds are not subject to any externally imposed restriction but have been set aside for specific purposes and thus are not immediately available to be spent as income. They represent tangible fixed assets used in the business (Note 7) and investment properties (Note 8) and the Tom Stoppard Innovation Fund. The Tom Stoppard Innovation Fund was created to mark the standing down of Sir Tom Stoppard as the Library's President and will fund innovative ways to get the most from the Library building, get the most from the collection and harness new technology.

Free reserves and designated funds together comprise the Operating Fund, which derives from the accumulated net surplus since inception.

The pension reserve represents the net actuarial surplus or deficit on the defined benefit pension scheme, calculated on the basis set out in Note 13.

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).

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.

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, a subsidiary linked charity (registered number 312175-1), have been held as a restricted fund within the Library which is its sole trustee.

The Drue Heinz Literary Fund, the Westminster School Memberships and the Julio and Maria Marta Núñez Memorial Fund represent the investment income, along with the associated expenditure, generated from the corresponding invested endowment funds detailed below.

The St James's Stack appeal represents income and expenditure from the appeal carried out in the year to renovate the St James's Square Stack windows and to provide new work spaces in the stacks. The project was completed in the autumn of 2018.

Other restricted funds comprise grants, donations and legacies received for specific purposes, of which supported membership is among the most important.

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 has been supplemented by subsequent donations. The income from this endowment is available for the general purposes of the Library and included within free reserves.

12 ANALYSIS OF FUNDS continued

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 included in restricted expenditure for the five-year duration of the scheme. The balance in the fund will be added to the Jacqueline Golden endowment in 2019-2020.

The Julio and Maria Marta Núñez Memorial Fund, established in 2015-16 is to provide financial support to applicants for Library membership aged between 18 and 30, particularly those from Latin America.

Net assets by fund

	Unrestricted 2019 £	Restricted 2019 £	Endowment 2019 £	Total 2019 £
Tangible fixed assets	18,156,524	-	-	18,156,524
Investment properties	1,018,182	-	-	1,018,182
Financial investments	2,433,252	469,311	4,753,739	7,656,302
Debtors and prepayments	764,422	-	-	764,422
Bank balances and cash in hand	3,098,289	89,856	-	3,187,885
Creditors: due within one year	(425,119)	-	-	(425,119)
Creditors: due after more than one year	(626,341)	-	-	(626,341)
Pension liability	(456,000)	-	-	(456,000)
Net assets	23,963,209	558,907	4,753,739	29,275,855

13 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 2019 totalled £96,976 (2018: £88,655).

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

The SSF is a defined benefit 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 five named trustees, including two nominated by members of staff.

In the year ended 31 March 2019, the contribution by the Library was £249,800 (2018: £243,000), 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 2020 is £257,300.

A valuation of the Fund has been prepared as at 31 March 2019 in accordance with FRS102. The major assumptions used are as follows:

	2019	2018
Discount rate	2.5% per annum	2.6% per annum
Price inflation (RPI)	3.4% per annum	3.3% per annum
Price inflation (CPI)	2.4% per annum	2.3% per annum
Increases to pensionable pay	N/A	N/A
Increases to pensions in payment:		
Before 30/4/2007 (RPI capped at 5%)	3.2% per annum	3.1% per annum
From 1/5/2007 (RPI capped at 2.5%)	2.2% per annum	2.1% per annum
Guaranteed Minimum Pension (GMP) accrued after 6/4/1988 (CPI capped at 3%)	2.0% per annum	1.9% per annum

Increases to pensions in deferment (employed members):

	2019	2018
Non-GMP earned before 6/4/2009 (RPI capped at 5%)	3.4% per annum	3.3% per annum
Non-GMP earned after 6/4/2009 (RPI capped at 2.5%)	2.5% per annum	2.5% per annum
GMP	Fixed rates	Fixed rates

Increases to pensions in deferment (non-employed members):

Non-GMP earned before 6/4/2009 (CPI capped at 5%)	2.4% per annum	2.3% per annum
Non-GMP earned after 6/4/2009 (CPI capped at 2.5%)	2.4% per annum	2.3% per annum
GMP	Fixed rates	Fixed rates

Mortality

– Before retirement	No allowance	No allowance
– After retirement	S2PA year of birth tables with CMI_2018 projections and a 1.25% pa long-term rate of improvement	S2PA year of birth tables with CMI_2017 projections and a 1.25% 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
---	---

Life expectancies from age 65:

Male currently aged 65	88	88
Female currently aged 65	89	89
Male currently aged 45	89	89
Female currently aged 45	90	91

Reconciliation of funded status to Balance Sheet

	2019 £	2018 £
Defined benefit obligation	10,929,000	10,730,000
Less: Fair value of plan assets	10,473,000	9,758,000
Net defined benefit liability	456,000	972,000

The fair value of the assets held and their relative weightings for the year commencing 31 March were:

	2019		2018	
	£	% weight	£	% weight
Equities	3,576,000	34.1%	3,885,000	39.8%
Alternatives	2,314,000	22.1%	1,392,000	14.3%
Government Bonds	782,000	7.5%	1,668,000	17.1%
Corporate Bonds	1,303,000	12.4%	1,255,000	12.9%
LDI assets	2,529,000	24.1%	1,589,000	16.3%
Cash/other	(31,000)	-0.3%	(31,000)	-0.4%
Total	10,473,000	100.0%	9,758,000	100.0%

The following amounts have been recognised in the Statement of Financial Activities as part of Total Expenditure

	2019 £	2018 £
Net interest expense on defined benefit liability	24,000	31,000
Past service cost	50,000	-
Total net expense/(income) recognised	74,000	31,000

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

	2019	2018
	£	£
Remeasurement – gain/(loss) on liabilities due to experience	(3,000)	(166,000)
Remeasurement – (loss)/gain on liabilities due to assumption changes	119,000	215,000
Remeasurement – return on assets excluding interest income	462,000	100,000
Actuarial (loss)/gain for the year	340,000	149,000

Reconciliation of defined benefit obligation over the year:

	2019	2018
	£	£
Defined benefit obligation at start of year	10,730,000	10,733,000
Interest expense on defined benefit obligation	276,000	276,000
Remeasurement – (gain)/loss on liabilities due to experience	3,000	166,000
Remeasurement – loss/(gain) on liabilities due to assumption changes	119,000	(215,000)
Benefits paid	(249,000)	(230,000)
Past service cost	50,000	-
Liabilities at end of year	10,929,000	10,730,000

Reconciliation of fair value of assets over the year:

	2019	2018
	£	£
Fair value of assets at start of year	9,758,000	9,400,000
Interest income on assets	252,000	245,000
Remeasurement – return on assets excluding interest income	462,000	100,000
Contributions by employer	250,000	243,000
Benefits paid	(249,000)	(230,000)
Fair value of assets at end of year	10,473,000	9,758,000
Return on assets	714,000	345,000

Reconciliation of funded position

	2019	2018
	£	£
Net defined benefit liability at start of year	972,000	1,333,000
Expense recognised in total expenditure	74,000	31,000
Actuarial (gain)/loss recognised below total expenditure	(340,000)	(149,000)
Contributions by employer	(250,000)	(243,000)
	456,000	972,000

14 TRANSACTIONS WITH TRUSTEES AND OTHER RELATED PARTIES

Trustees received no remuneration in connection with their trusteeship (2018: £Nil). No reimbursements were paid to trustees for expenses incurred on Library business (2018: £Nil). All Trustees are members of the Library and enjoy the associated benefits on the same basis as all other members. Unrestricted donations from Trustees and other related parties during the year totalled £24,506 (2018: £25,203).

Related parties include Key Management Personnel, which comprises the Trustees and the Executive Team. Aggregate benefits for these staff are shown in Note 15. The Library's Defined Benefit pension scheme (the Staff Superannuation Fund) constitutes a related party, and full details are set out in Note 13. Otherwise the Trustees believe there are no transactions with related parties that require disclosure.

15 STAFF COSTS

	2019	2018
	£	£
Staff costs comprise:		
Gross salaries and wages	2,089,344	2,059,526
Termination payments	-	62,066
National Insurance	194,220	194,524
Pension costs	278,776	236,007
Total	<u>2,562,340</u>	<u>2,552,123</u>

Total employee benefits for Key Management Personnel totalled £409,359 (2018: £382,127). In addition, the balance of interest-free season ticket loans due from Key Management Personnel at 31 March 2019 totalled £6,969 (2018: £4,209).

In addition to the above, expenditure totalling £23,478 (2018: £20,874) on staff training and related consultancy is included within other costs under Administration in Note 6 to these accounts.

16 EMPLOYEES

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

	2019	2018
Buildings and Facilities Management	4.8	6.5
Member Services	22.5	22.6
Bibliographic Services	5.9	5.8
Books, periodicals and online subscriptions	4.0	4.0
Collection Care	10.9	8.9
Information Technology	3.0	2.4
Administration and Finance	6.5	5.6
Marketing & Communications	3.8	2.8
Fundraising	5.8	5.6
Total	<u>67.2</u>	<u>64.2</u>

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

	2019	2018
Range £60,000 – £70,000		
Number of employees	2	2
Employer's contributions to Group Personal Pension Plan	£7,491	£7,350
Range £70,000 – £80,000		
Number of employees	1	1
Employer's contributions to Group Personal Pension Plan	£4,391	£4,296
Range £90,000 – £100,000		
Number of employees	1	0
Employer's contributions to Group Personal Pension Plan	£5,700	£0

17 COMMITMENTS UNDER OPERATING LEASES

Future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Due within one year	-	4,212
Due between two and five years	-	-
Total	-	4,212

The operating lease expense in the year was £0 (2018: £4,212).

18 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Net income/(expenditure)	2,378,141	(2,343)
Depreciation	235,366	225,920
(Gains)/losses on investments	(808,349)	169,552
Dividends, interest and rent from investments	(309,603)	(290,749)
Decrease/(increase) in debtors	89,178	(4,139)
(Decrease)/increase in creditors	28,340	14,316
Pension contributions less expense recognised	(176,000)	(212,000)
Net cash flow from operating activities	1,473,073	99,443

19 PRIOR YEAR ANALYSIS OF FUNDS

	B/fwd	Income	Expenditure	Revaluations	Transfers	C/fwd
	01 April 17	2018	2018	2018	2018	31 March 18
	£	£	£	£	£	£
<u>Unrestricted funds</u>						
Designated funds						
Tangible fixed assets	18,529,281	-	(225,920)	-	16,778	18,320,139
Investment properties	885,833	-	-	-	-	885,833
Tom Stoppard Innovation Fund	-	-	-	-	942,889	942,889
Total designated funds	19,415,114	-	(225,920)	-	959,667	20,148,861
Free reserves	4,367,543	4,269,721	(4,029,095)	(174,189)	(1,006,514)	3,427,466
Subtotal Operating Fund	23,782,657	4,269,721	(4,255,015)	(174,189)	(46,847)	23,576,327
Pension reserve	(1,333,000)	-	212,000	149,000	-	(972,000)
Total unrestricted funds	22,449,657	4,269,721	(4,043,015)	(25,189)	(46,847)	22,604,327

	B/fwd 01 April 17	Income 2018	Expenditure 2018	Revaluations 2018	Transfers 2018	C/fwd 31 March 18
	£	£	£	£	£	£
<u>Restricted funds</u>						
Development Appeal Fund	214,117	15,859	(1,198)	165	1,263	230,206
The London Library Trust	323,351	10,231	(75,376)	250	3,879	262,335
Supported memberships	-	3,781	(3,781)	-	-	-
Staff Benefit Fund	54,673	-	(3,130)	1,613	-	53,156
Drue Heinz Literary Fund	-	88,511	(88,511)	-	-	-
Westminster School						
Memberships	-	873	(2,731)	-	1,858	-
Julio and Maria Marta Núñez						
Memorial Fund	4,788	3,504	(713)	-	(498)	7,081
Other restricted funds	11,375	1,282	(8,098)	-	-	4,559
Total restricted funds	608,304	124,041	(183,538)	2,028	6,502	557,337
<u>Endowment funds</u>						
Drue Heinz Literary Fund	2,905,740	-	-	2,250	35,638	2,943,628
Jaqueline Golden						
Endowment	308,241	-	-	239	4,524	313,004
Westminster School						
Memberships	28,556	-	-	22	(1,440)	27,138
Julio and Maria Marta Núñez						
Memorial Fund	110,559	-	-	98	1,623	112,280
Total endowment funds	3,353,096	-	-	2,609	40,345	3,396,050
Total funds	26,411,057	4,393,762	(4,226,553)	(20,552)	-	26,557,714

20 PRIOR YEAR NET ASSETS BY FUND

	2018	2018	2018	2018
	£	£	£	£
Tangible fixed assets	18,320,140	-	-	18,320,140
Investment properties	885,833	-	-	885,833
Financial investments	3,247,415	557,337	3,396,050	7,200,802
Debtors and prepayments	853,600	-	-	853,600
Bank balances and cash in hand	1,292,459	-	-	1,292,459
Creditors: due within one year	(424,899)	-	-	(424,899)
Creditors: due after more than one year	(598,221)	-	-	(598,221)
Pension liability	(972,000)	-	-	(972,000)
Net assets	22,604,327	557,337	3,396,050	26,557,714

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Sydney Smith Association
The Society of Authors
The Society for Psychological Research
The Society of Women Writers and Journalists
Rowan Somerville
Antonia Southern
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Amanda Stebbings
Louise Stein
Philip Stevens
Timothy Stevens
The Rt Hon The Lord Sudeley
John Symons
Dr Lydia Syson
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Neville Teller MBE
Theatres Trust
The Angela Thirkell Society
Sir Richard Thompson
Trevor Timpson
The Travellers Club
Dr Frances Twinn
Unicorn Publishing Group
University of Notre Dame (USA) in England
Dr Peter Urbach
Michael von Brentano
Will Wainewright
Lesley Wardle
Dr Peter Watson
Lord Wemyss
The Oscar Wilde Society
Dr Paul Williamson
Dr Michael I Wilson
The P G Wodehouse Society
Stephen C Wood
Wright & Wright Architects
The Writers' Guild of Great Britain
Samantha Wyndham
The Francis Brett Young Society

TEN-YEAR FINANCIAL SUMMARIES**Unrestricted funds only (prior to gains/losses on investments)**

Year	Membership income £	Investment income £	Other income £	Library expenses £	Net surplus/ (deficit) £
¹ 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
² 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
³ 2015	2,574,858	192,790	436,981	3,655,904	(451,275)
2016	2,581,850	202,546	517,238	3,830,321	(528,687)
2017	2,662,734	185,302	950,561	4,066,160	(267,563)
2018	2,686,485	181,191	1,402,045	4,036,067	226,596
2019	2,706,247	184,613	1,627,113	4,014,250	503,723

¹ 2010 figures re-stated to exclude grant from The London Library Trust eliminated on consolidation

² From 2013 some investment income and expenditure are reallocated to endowment funds (excluded from these figures)

³ Re-stated for new Charities SORP (FRS102) and changes to accounting policies

LIBRARY FUNDS

Year	Free reserves (excluding Pension Reserve) £000	Pension Reserve £000	Free reserves (including Pension Reserve) £000	Designated funds# £000	Total unrestricted £000	Restricted funds £000	Endowment funds £000	Total funds £000
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	22,099	24,881	676	1,830	27,387
⁴ 2014	4,940	(1,495)	3,445	20,148	23,593	586	1,893	26,072
2015	4,834	(1,661)	3,173	19,936	23,109	587	1,999	25,695
2016	4,258	(1,633)	2,625	19,652	22,277	501	2,601	25,379
2017	4,367	(1,333)	3,034	19,415	22,449	608	3,353	26,411
2018	3,427	(972)	2,455	20,149	22,604	557	3,396	26,557
2019	3,547	(456)	3,091	20,872	23,963	559	4,754	29,276

Including tangible fixed assets and investment properties

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)

⁴ Re-stated for new Charities SORP (FRS102) and changes to accounting policies

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 designated funds over the period primarily reflects capital expenditure on the Development Project which is financed either by capital fundraising or "windfall" income from legacies and similar sources, and is not drawn from free reserves. In addition, the Tom Stoppard Innovation Fund was designated in 2018.

MEMBERSHIP AT YEAR-END

	Numbers at 31 March	
	2019	2018
Ordinary members	4,184	4,195
Spouse/partner members	280	276
Young Person members	448	321
Supported members (Trust/Byelaw 9)	326	343
Institutional members	163	164
Subtotal annual members	5,401	5,299
Life members	1,191	1,210
Total	6,592	6,509

TEN-YEAR SUMMARY OF MEMBERSHIP

Year	MEMBERS			
	Number at year-end	New members during year	Withdrawals during year	Increase/ (Decrease)
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)
2016	6,613	692	(787)	(95)
2017	6,659	747	(791)	(44)
2018	6,509	774	(834)	(60)
2019	6,592	874	(791)	83
Average	6,820	766	(807)	(41)

THE
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LIBRARY
INTERNATIONAL
FRIENDS



FOR ALMOST 40 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 based outside the UK have made many generous donations through the International Friends, with recent gifts given to help support the development project, book purchases, binding and preservation.

Transnational Giving Europe

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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DEVELOPMENT DIRECTOR

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Charity Registration Number 312175



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