

A large, stylized number '10' is formed by light green shapes against a darker green background. The '1' is a simple vertical bar with a diagonal cut at the top. The '0' is a circle with a vertical oval cutout in the center.

THE
LONDON
LIBRARY

THE
LONDON LIBRARY
AND THE
LONDON LIBRARY TRUST
ANNUAL REPORTS AND
FINANCIAL STATEMENTS
2010-2011

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 – 5.30 pm
Sunday	CLOSED

Closed Dates

The Library will be closed on the following inclusive dates:

2011

Christmas

Saturday 24 December –
Wednesday 28 December
and Saturday 31 December

2012

New Year's Day

Monday 2 January

Easter

Friday 6 April – Monday 9 April

May Bank Holiday

Saturday 5 May – Monday 7 May

Spring Bank Holiday

Saturday 2 June – Monday 4 June

Diamond Jubilee Holiday

Tuesday 5 June

Summer Bank Holiday

Saturday 25 August – Monday 27 August

TABLE OF CONTENTS

Trustees, senior staff and advisers	2
Trustees' Annual Report	
Introduction	3
Public benefit	3
Performance in 2010-2011	4
Plans	6
How can members help?	6
Financial review	6
Structure, governance and management	8
Statement of Trustees' Responsibilities	9
Auditor's Report	10
Consolidated Financial Statements	
Statement of Financial Activities	11
Balance Sheet	12
Cash Flow Statement	13
Notes	14
Donations and bequests	23
Organisational information	
Membership and use	25
10-year financial summaries	26
THE LONDON LIBRARY TRUST	
Annual Report and Financial Statements	27

TRUSTEES

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

Chairman

Bill Emmott (3,4)

Treasurer

Mark Storey (2)

Other trustees serving throughout the year:

Graeme Cottam (*Vice-Chair*) (5)

Terence Jagger CBE (2, 3)

Janey King (3)

Basil Postan (2)

Alice Sherwood (4,5)

Sir Nicholas Underhill (4)

Adam Freudenheim (1)

Jonathan Keates (3)

Margarette Lincoln (1)

Kevin Murphy (1, 3)

Jonathan Sumption QC (5)

Trustees serving until 4 November 2010:

Professor Anthony Grayling

Belinda Harley

Trustees serving from 4 November 2010:

James Owen

Nick Wong

SENIOR STAFF

Librarian (Chief Executive)

Deputy Librarian

Bursar

Development & Communications Director

Inez T P A Lynn BA MLitt MCLIP

Jane Oldfield BSc MA MCLIP

Paul Hamlyn MA ACA

Lottie Cole MA

Head of Acquisitions

Head of Bibliographic Services

Head of IT

Head of Preservation & Stack Management

Head of Reader Services

Membership Administrator

Gill Turner MA MCLIP

Dunia García-Ontiveros BA MA MCLIP

Will David MA MSc MCLIP

Stella Worthington BA DipLib

Helen O'Neill BA MSc MCLIP

Bridie Macmahon BA DipLib

ADVISERS

Bankers

Barclays Bank plc

1 Churchill Place, London E14 5HP

Auditors

Moore Stephens LLP

150 Aldersgate Street, London EC1A 4AB

Fund managers

Legal & General Investment Management Ltd

One Coleman Street, London EC2R 5AA

Actuarial consultants

Broadstone Limited

55 Baker Street, London W1U 7EU

BlackRock Investment Management (UK) Ltd

33 King William Street, London EC4R 9AS

Solicitors

Conveyancing

Clyde & Co LLP

51 Eastcheap, London EC3M 1JP

Charity and employment law

Bates Wells & Braithwaite LLP

2-6 Cannon Street, London EC4M 6YH

Key to Committees:

1 *Building Project Steering Committee*

2 *Finance Committee*

3 *Nominations Committee*

4 *Remuneration & Appraisal Committee*

5 *Risk & Governance Committee*

INTRODUCTION

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

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

PUBLIC BENEFIT

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

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

The Library has functioned for over 170 years with a simple but effective financial model based primarily on membership subscriptions,

and the Trustees believe that this remains the right one given the nature of its objectives. Fees are set to meet this aim in the context of the Library's overall budget and are approved by the members at their Annual General Meeting.

The ordinary annual fee for individuals is currently £435, or £36.25 per month, while corporate and charitable bodies pay relatively higher fees and nominate representatives who access the Library's facilities on their behalf. For an institution which strives to be a centre of excellence in its field, the Library's fees are not high in relation to the value of the services it provides and a range of payment options is available. Nevertheless there are people who need for their researches the range and depth of available material and the generous access that are the Library's hallmark but who are unable to afford the full fees, particularly as the financial rewards from writing are generally modest and often unreliable. In such cases our subsidiary charity, The London Library Trust, can assist with top-up grants under the Carlyle Membership scheme, and since January 2008 the Trust's entire annual income has been dedicated to this purpose. The Trustees of The London Library Trust assess each application carefully since resources are necessarily limited, but do not decline support where there is clear evidence of need. The majority of grants paid represent a fee subsidy of between 30% and 60%. During the financial year 78 new Carlyle memberships were awarded (2010: 77) bringing the total number of members in receipt of fee subsidies at 31 March 2011 to 352 or 4.9% of the total membership (2010: 340 or 5.0% of the total membership). The total amount of such fee subsidies paid in the year was £50,712 (2010: £50,535), representing 2.3% of the Library's total income from annual membership fees (2010: 2.4%).

Young Person's membership is available to anyone under the age of 25 at half the ordinary annual rate, and there were 346 members in this category at 31 March 2011 (2010: 210). 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 aims to widen access further by seeking grants from trusts and foundations to support intellectual refugees under a new London Library Fellows programme. A grant of £2,500 for this purpose was received during the year from the Sigrid Rausing Trust, and the first four fellowships are now in place.

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

PERFORMANCE IN 2010-2011

COLLECTIONS

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

- We continued to add to the collection in all subject areas, with purchases totalling £276,568 (2010: £278,194). This total includes £29,026 (2010: £26,040) for digital/online resources and £73,857 (2010: £89,469) for periodicals.
- During the year we received donations to the Book Fund of £78,978 (2010: £31,285) in addition to donated books and periodicals worth £15,200 (2010: £14,298). We are most grateful to all the donors listed on pages 23–24 for their generosity.
- The top six subject areas in the year, measured by volumes acquired, were History, Literature, Science & Miscellaneous, Biography, Art and Religion, closely followed by Fiction. A ranking by usage featured the same subject areas, although the order within the list was not the same.
- Our in-house team conserved 2,078 books from the collections on open shelves (2010: 2,080).
- We also created preservation assessment records for 856 rare books while cleaning and repairing the books and placing them in secure accommodation (2010: 1,216).
- We sent 4,201 volumes to commercial binders for binding or re-binding (2010: 4,293).
- We salvaged and conserved 312 books damaged by water from a burst pipe in December 2010.
- We completed the complex sequence of book relocation required in connection with Phase 2 of the Development Project, bringing the cumulative total moved to 18km.
- We continued to develop the skills of our preservation staff and volunteers and to train all new staff in appropriate book-handling techniques

SERVICES

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

- 85,685 books were loaned during the year (2010: 81,317) including 4,385 (2010: 4,873) sent through the postal loans service and 286 (2010: 233) borrowed through the inter-library loan system on behalf of members. Some 69,774 (2010: 68,183) renewals were made either by members themselves online or by staff on members' behalf using a variety of methods. Heavy use is also made of books and periodicals

within the Library, and 475 rare books not in general circulation were requested and made available for supervised consultation during the year (2010: 448).

- We placed and processed 31,918 requests to retrieve and set aside material, in the course of dealing with a wide range of enquiries from members (2010: 28,007).
- We sent 218 books to public libraries on request for the use of their own members (2010: 824).
- We added 15,291 titles (comprising 20,655 volumes) from the old printed catalogue to the online catalogue (2010: 18,442 titles comprising 25,552 volumes).
- We added 8,123 volumes to the current catalogue in respect of books purchased or donated (2010: 9,050).

MEMBERSHIP

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

Total membership numbers began the year at 6,764 and rose to 7,137 at the end of March 2011. The net increase of 373 in the year comprises:

	Annual	Life	Total
New members	971	13	984
Reinstatements	9	-	9
Commutations	(51)	51	-
Withdrawals/deaths	(592)	(28)	(620)
Net	337	36	373

Of the new annual members 209 were under the age of 25 (2010: 79).

Since the substantial fee increase in 2008 the Library has used a range of initiatives to recruit new members, but it was always understood that these might take time to bear fruit. After three years of somewhat disappointing results, the achievement in 2010-2011 has been particularly satisfying. The completion of Phase 2 of the Development Project in summer 2010 proved the springboard for rapid membership growth which was sustained for the rest of the financial year. The number of new members in the year was the highest yet recorded, while the number of withdrawals was close to the long-term average.

Further details can be found under Organisational Information on page 25. The Trustees continue to believe that personal recommendation is the single most effective recruiting tool and have worked hard to this end – they are also grateful for the efforts of non-trustee members in this regard. Under a new incentive scheme launched during the year 172 new members were recruited by current members, who were each offered a fee discount of £50 at their next renewal; of these 75 (43.6%) have taken up the discount offer.

DEVELOPMENT PROJECT

Our objective – To complete the current phase of works by the end of June 2010 and to continue planning and capital fundraising for further improvements.

- Phase 2 was completed in June 2010, on time and within budget, and the newly reopened areas attracted widespread praise. Members' patience and forbearance during the work has been warmly appreciated.
- During the year the Library received a previously pledged donation of £1m from the Underwood Trust, which ensured that the funding target for the extended Phase 2 of the project was met in full and has given us an excellent start to our fundraising for the next phase.

STAFF AND VOLUNTEERS

For the reasons set out in the Financial Review below, the Trustees saw no alternative but to seek substantial and permanent savings in the staff costs budget as a matter of urgency. The measures adopted comprised three main elements: first specific headcount reduction through redundancies and freezing of vacant posts; secondly closure of the final salary pension scheme to new members and future benefit accrual; and thirdly a global reduction in salaries to bring the Library pay scale into line with that of the universities.

In total four senior posts were made redundant during the year: one in Finance, one in Buildings and Facilities Management and two in Current Cataloguing. The latter function was merged with Retrospective Cataloguing to create a combined Bibliographic Services department. Replacement staffing in the former two functions will be at a more junior level. In addition two vacant posts were frozen, one in Preservation & Stack Management and one in Reader Services.

The Library's final salary pension scheme, the Staff Superannuation Fund (SSF), closed to new members and future accrual on 1 April 2011 after consultation with the scheme trustees and the Library's staff, and a new Group Personal Pension Plan (GPPP) was introduced to take its place. The Library's contributions to the GPPP are capped at 6% of salary and in the long run this will produce a significant reduction in its overall pension costs, but for the next few years it will be paying further contributions to the SSF to reduce the deficit in the scheme revealed at the actuarial valuation at 1 April 2010. Nevertheless the act of closing the SSF to future accrual significantly reduced the actuarial deficit and the long-term risks associated with funding the scheme.

While consulting with staff on the pension changes, the Library began a parallel consultation on global reductions in salaries. The consensus reached at the end of this process was that the fairest means of achieving the level of savings required would be to remove the 5% enhancement over the universities' pay scale that had been built into the Library's salaries since the 150th

anniversary celebrations in 1991. Notice of this decision was given to staff in April 2011 and the pay cut took effect in July.

The implementation of these measures placed considerable demands on senior management, and anxiety for the staff in general. The redundancies and pay cuts were particularly painful and staff are to be commended for continuing to provide service of a consistently high standard.

We are grateful to the volunteers who once again made a major contribution during the year: to the long-standing NADFAS team of Alan Bergman, Carolyn Ezekiel and Jeanne Madill who assisted with essential repairs to the book stock; to Keara Burr, Rebecca Carby, John Perkins and Alexandra Warwick who assisted with conservation work or listing of rare or vulnerable books to be housed in secure storage; to Sarah Morgan, Erika Soliven, Kelly Thomas and Alexandra Ward for their work on membership recruitment and marketing; to James Blake, Jane Haslam and Marit Tronslin for their work on retrospective cataloguing.

FUNDRAISING

In the autumn of 2010 the Library launched an important new initiative, called the Founders' Circle, similar in nature and purpose to the "patrons" and "friends" schemes used by other cultural institutions in London. This aims to encourage regular giving at a substantial level by those able to commit to it, and provides special literary and cultural events for those who join. Donations from individuals are eligible for Gift Aid (which is no longer available on membership fees) and donors who pay tax at above the basic rate qualify for additional relief. The Founders' Circle raised £183,550 including Gift Aid during the year, from 48 members of the new Circle donating at three different levels – Dickens (£10,000), Thackeray (£5,000) and Martineau (£1,500). The intention is to build on this successful launch to expand the Founders' Circle and establish it as a permanent source of annual financial support.

Meanwhile Library members have continued to donate to the Book Fund which itself generated £78,978 in the year. The Library also received a very generous legacy of £353,531 from the estate of a former member, Mr Stephen Bonser. Together with sundry other donations and legacies, all these sources contributed to a voluntary income total of £781,856 (2010: £323,286) excluding donations for restricted funds.

Funds previously pledged to the Development Appeal Fund totalling £1.5 million (2010: £1.4 million) were received in the year, and pledges totalling £2.1 million (2010: £3.5million) remained outstanding at the year end.

Autumn 2010 also saw the launch of the Library as a prestige venue for commercial hire, with designated spaces within it available for receptions, dinners and other events. Initial results were encouraging, and the initiative will be developed further during the coming year.

Fundraising costs totalled £258,274 (2010: £260,106).

PLANS

The Library's strategic plan is currently the subject of a detailed review, which began with the setting of four broad objectives:

- 1 Securing the financial future
- 2 Increasing and sustaining membership while widening access
- 3 Ensuring that the buildings and facilities are maintained to a high standard and serve the changing needs of the Library and its members
- 4 Maintaining and developing the collections and services in a changing environment

All of these objectives will be central to the Library's plans for the coming year, and significant progress has already been made on the first two of them.

HOW CAN MEMBERS HELP?

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

- Recommend the Library to friends and encourage them to join (if you are an annual member we will offer you a £50 discount on your next renewal for each new member who signs up as a result)
- Enrol your spouse, parents, children or grandchildren as members
- Switch your payment method to direct debit to make administration easier (67% already have)
- Join the new Founders' Circle, and/or encourage other members with means and a strong interest in literary and cultural institutions to join
- Encourage companies and institutions to join as institutional members
- If you are a US taxpayer, consider supporting us through the International Friends of The London Library, a registered 501(c) 3 charitable corporation based in New York
- Make a donation to support new acquisitions, or to assist members who struggle to afford the full membership fee
- Donate a book you have written or persuade a publisher to donate books to the Library on request
- Make a bequest to the Library in your will or name it as a residuary legatee
- Make a donation to the Development Project or introduce a potential donor or grant-making trust to the fundraising team

As well as assisting financially you may wish to consider applying to become a trustee or volunteering your skills to help the specialist committees. The Library has survived and flourished for over 170 years because of the enthusiastic support of its members, and this will continue to be critically important in the future.

FINANCIAL REVIEW

As explained in detail in last year's Annual Report, HM Revenue & Customs ceased to pay Gift Aid on the Library's fee income after 30 September 2010. At current membership levels this would have generated around £300,000 in a full year, and the loss of such a previously reliable income stream prompted an urgent review of the Library's core finances. The Trustees concluded that the Library's members could not be expected to make good the whole of this loss through their subscription fees and a range of other measures was needed. Increasing income by means of new fundraising initiatives was the first element, which met with considerable success. But since regular returns from these initiatives could not be guaranteed it was necessary also to reduce expenditure, and to do so without detriment to service standards. Since most of the Library's non-staff expenditure relates either to collection development, frontline service provision or non-discretionary items such as building maintenance, it was inevitable that most of the target savings would have to come from the staff costs budget. The section on Staff and Volunteers on page 5 sets out the details.

The full impact of the cost reduction measures will not be felt until 2011-2012. Taken together with the new income generation initiatives described in the Fundraising section, they are expected to generate a modest annual surplus to core funds which will enable the Library to rebuild its reserves. Certain one-off costs were incurred in the restructuring process, and these are shown separately in the financial statements.

The consolidated financial statements include those of the Library's subsidiary charity, The London Library Trust, which are set out along with its Annual Report on pages 27 to 32 below. Previously the Library did not consolidate the Trust's accounts, but this was a departure from standard accounting practice which the Trustees do not wish to continue. The role of the Trust is now being reviewed in the context of the Library's wider strategy.

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

	2010-2011	2009-2010
	£m	£m
Total income	5.1	4.5
Total expenditure	<u>(3.1)</u>	<u>(3.6)</u>
Net surplus before investment gains	2.0	0.9
Investment gains	0.1	1.9
Actuarial gains on pension scheme	<u>0.2</u>	<u>0.1</u>
Net movement in funds	2.3	2.9
Funds brought forward	<u>23.5</u>	<u>20.6</u>
Funds carried forward	<u>25.8</u>	<u>23.5</u>

The net surplus within the summary comprises £0.8m in core funds and £1.2m in restricted funds, the latter representing mainly donations to the Development Appeal net of fundraising costs and other revenue expenditure. The results of The London Library Trust are included within restricted funds and their impact on the totals in the above summary is immaterial. Capital expenditure, which does not appear in the above summary, totalled £1.3m in year and the majority of this relates to building improvements under the Library's Development Project. Further details can be found in the financial statements.

The 2010-2011 surplus of £0.8m on core funds results from a number of exceptional factors. The first of these is the legacy of £353,531 from the Stephen Bonser estate, noted on page 5. The second is Gift Aid on the Library's fee income, which totalled £133,764 to 30 September 2010 but ceased to be available thereafter. Finally, the decision to close the Staff Superannuation Fund to future accrual has given rise to an exceptional credit to pension costs of £563,000 as a result of the way in which the liability for accrued benefits is valued in the changed circumstances. Without these three non-recurring factors the Library would have registered a small deficit on its core operations.

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.

Tier	Purpose	Investment criteria	Planned asset allocation	Target amount £m
1	Short-term working capital	Liquid, risk-free	Cash	1.0
2	Bridging income or cash shortfalls	Liquid, low-risk	Cash, gilts, bonds	3.0
3	Contingencies, growth and development	Liquid, medium-risk	Cash, gilts, bonds, passive equity funds	2.0
Total target reserves				6.0
Total actual reserves at 31 March 2011				3.4
(Shortfall)/Surplus against target				(2.6)

The table above sets out the structure of target reserves, separated into three tiers according to their purpose. The target for the Tier 2 reserves was calculated by reference to estimated maximum possible shortfalls of core income against expenditure over the next four years, together with allowances for the additional exposure associated with the building project and the pension fund deficit.

The table also shows the allocation of investment assets considered appropriate for each tier of reserves. It is widely accepted that equity investments have historically given the best performance of any asset class over the longest time periods, but as experience in recent years has shown all too clearly the returns are highly volatile. The Trustees were mindful of the fact that the Library has high fixed costs and so needs time to respond to changing circumstances, and therefore concluded that it would be 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.

The Library's reserves are reviewed annually against target and action taken to address significant shortfalls, and to adjust the asset allocation. However, about £2m of the shortfall referred to above derives from the decision temporarily to finance some of the expenditure on the Development Project from the Library's core (unrestricted) funds. This temporary finance is covered by donations already pledged to the Development Appeal but not due to be received immediately. As and when the pledged donations are received the temporary financing will be thereby reduced and the reserves restored close to the target level. The Trustees therefore regard the present position as satisfactory.

In addition to the reserves shown above the Library holds a restricted endowment fund (the Drue Heinz Literary Fund), the income from which supports the purchase of books for the Library's collection. Because this support extends over the longer term, the Trustees consider it appropriate to invest an amount broadly equal to the value of the fund (around £1m) in assets corresponding to Tier 3 in the above table. However, since the expenditure the fund supports is an integral part of the Library's core budget, this investment is not formally segregated from the rest of the portfolio.

Further details of the Library's reserves can be found in Note 11 to the financial statements on pages 18 to 19 and under Organisational Information on page 26.

REVIEW OF INVESTMENT PERFORMANCE

The Library's portfolio is structured so as to achieve a good income return while protecting capital. The total return for the year from equities and fixed interest securities was 7.6%, of which 5.2% was income and 2.4% capital growth, which the Trustees consider a satisfactory result. In addition, total unrestricted income includes internal interest on the temporary funding provided to finance expenditure on the Development Project (see page 7), at a rate of 3.3% which is based on the cost of an equivalent bank borrowing facility. Also included is rental income from the Library's investment properties, but these are integral to the rest of the Library's buildings and no separate valuation is available so a specific rate of return cannot be derived.

The London Library Trust holds separate investments in pooled equity and fixed interest funds, although its investment objective is similar to that of the Library. During the year the total return achieved by the Trust's investments was 7.5%, of which 4.2% was income and 3.3% capital growth.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

In accordance with the Charter, the Trustees have delegated certain powers to specialist committees under agreed terms of reference, and the membership of these may include non-trustees with appropriate skills and experience. The committees now in place are the Building Project Steering Committee, the Finance Committee, the Nominations Committee, the Remuneration & Appraisal Committee and the Risk & Governance Committee.

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

All new Trustees are given an induction manual covering the duties and responsibilities of trustees, all aspects of the Library's governance and management procedures, and relevant documents of record, including the minutes of meetings for the past year and recent policy and strategy papers. Introductory meetings are held with key members of staff, and support is available from the Chairman, Treasurer and other Trustees.

The Trustees are grateful to the following non-trustee members for the valuable services they provided to the specialist committees during 2010-2011: Tony McIntyre (Building Project Steering Committee), Ruth Valentine (Nominations Committee).

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

The Library has a subsidiary charity, The London Library Trust, which was established in 1952 in order to assist the Library in the achievement of its charitable objectives. The annual report and financial statements of the Trust follow on pages 27 to 32.

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.

RISK MANAGEMENT

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

- A formal process for review, recording and management of risks
- Strategic planning and annual budgets against which actual results are reviewed throughout the year
- Agreed terms of reference for committees and management
- A dedicated Risk & Governance Committee
- Internal controls and policies

Approved by the Trustees on 19 July 2011 and signed on their behalf by

Bill Emmott
CHAIRMAN

Mark Storey
TREASURER

Inez T P A Lynn
LIBRARIAN

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the relevant legislation. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of The London Library for the year ended 31 March 2011 which are set out on pages 11 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 9), the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to

the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 March 2011 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 1993.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

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

Moore Stephens LLP

Statutory Auditor
150 Aldersgate Street
London EC1A 4AB

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

		Unrestricted funds 2011	Restricted funds 2011	Total funds 2011	Total funds 2010
	Note	£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
– voluntary income	2	781,856	1,484,817	2,266,673	1,769,058
– activities for generating funds	3	33,167	-	33,167	1,793
– investment income	4	227,826	27,363	255,189	217,238
Incoming resources from charitable activities	5	2,496,530	-	2,496,530	2,488,319
TOTAL INCOMING RESOURCES		3,539,379	1,512,180	5,051,559	4,476,408
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income		16,643	241,631	258,274	260,106
Investment management fees		1,500	-	1,500	-
Charitable activities		2,728,106	91,882	2,819,988	3,332,140
Governance costs		20,061	-	20,061	22,791
TOTAL RESOURCES EXPENDED	6	2,766,310	333,513	3,099,823	3,615,037
NET INCOMING RESOURCES		773,069	1,178,667	1,951,736	861,371
Transfer between funds	11	1,198,051	(1,198,051)	-	-
GAINS ON INVESTMENT ASSETS					
Actuarial gains on defined benefit pension scheme	12	237,000	-	237,000	115,000
Net movements in funds		2,251,920	4,992	2,256,912	2,952,833
Funds at start of year	11	21,890,023	1,656,605	23,546,628	20,593,795
Funds at end of year	11	24,141,943	1,661,597	25,803,540	23,546,628

BALANCE SHEET AS AT 31 MARCH 2011

		Group		Library	
	Note	31 March 2011 £	31 March 2010 £	31 March 2011 £	31 March 2010 £
FIXED ASSETS					
Tangible fixed assets	7	21,686,105	20,428,739	21,686,105	20,428,739
Fixed asset investments	8	2,859,554	1,795,468	2,189,776	1,146,954
TOTAL FIXED ASSETS		24,545,659	22,224,207	23,875,881	21,575,693
CURRENT ASSETS					
Debtors and prepayments	9	641,324	633,880	692,972	663,455
Bank balances and cash in hand		2,538,811	4,812,423	2,538,183	4,811,985
		<u>3,180,135</u>	<u>5,446,303</u>	<u>3,231,155</u>	<u>5,475,440</u>
CURRENT LIABILITIES					
Creditors and accrued charges: amounts due within one year	10	(1,005,254)	(1,006,882)	(1,005,254)	(1,006,882)
NET CURRENT ASSETS		2,174,881	4,439,421	2,225,901	4,468,558
NET ASSETS excluding pensions liability		26,720,540	26,663,628	26,101,782	26,044,251
Creditors and accrued charges: amounts due after more than one year	10	-	(1,400,000)	-	(1,400,000)
Pensions liability	12	(917,000)	(1,717,000)	(917,000)	(1,717,000)
TOTAL NET ASSETS		25,803,540	23,546,628	25,184,782	22,927,251
Representing					
RESTRICTED FUNDS	11	1,661,597	1,656,605	1,042,839	1,037,228
UNRESTRICTED FUNDS excluding pension liability	11	25,058,943	23,607,023	25,058,943	23,607,023
Pensions reserve	12	(917,000)	(1,717,000)	(917,000)	(1,717,000)
Total unrestricted funds	11	24,141,943	21,890,023	24,141,943	21,890,023
TOTAL CHARITY FUNDS	11	25,803,540	23,546,628	25,184,782	22,927,251

Approved by the Trustees on 19 July 2011 and signed on their behalf by

Bill Emmott
CHAIRMAN

Mark Storey
TREASURER

Inez T P A Lynn
LIBRARIAN

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2011	2011	2010	2010
	£	£	£	£
Operating cash flows				
Net incoming resources		1,951,736		861,371
Investment income		(255,189)		(217,238)
Depreciation		48,407		48,682
(Increase) in debtors		(7,443)		(82,528)
(Decrease)/increase in creditors		(1,629)		143,705
FRS17 pension adjustment		(563,000)		(25,000)
		<hr/>		<hr/>
Net cash inflow from operating activities		1,172,882		728,992
Returns on investments				
Dividends received	113,683		147,311	
Interest received	95,065		18,726	
Rent received	46,441		51,201	
		<hr/>		<hr/>
Net cash inflow from returns on investments		255,189		217,238
Capital expenditure and net expenditure on investments				
Purchase of tangible fixed assets	(1,305,773)		(5,174,427)	
Sale of investments	2,576		4,102,327	
Purchase of investments	(998,486)		-	
		<hr/>		<hr/>
Net cash outflow on capital expenditure and net expenditure on investments		(2,301,683)		(1,072,100)
		<hr/>		<hr/>
(Decrease) in net liquid funds in year		(873,612)		(125,870)
Loan financing		(1,400,000)		1,400,000
		<hr/>		<hr/>
(DECREASE)/INCREASE IN CASH IN YEAR		(2,273,612)		1,274,130
Cash balances at start of year		4,812,423		3,538,293
		<hr/>		<hr/>
Cash balances at end of year		2,538,811		4,812,423
		<hr/>		<hr/>
Net liquid funds at start of year		3,412,423		3,538,293
		<hr/>		<hr/>
(Decrease) in net liquid funds in year		(873,612)		(125,870)
		<hr/>		<hr/>
Net liquid funds at end of year		2,538,811		3,412,423
		<hr/>		<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Consolidation

The Library has a subsidiary trust, The London Library Trust, which has objects narrower than those of the Library itself. The Trust's financial statements have been included in these consolidated accounts as a restricted fund.

(c) Income

Annual subscriptions are recorded in the year in which they become due. Life membership fees are credited evenly over ten years. Investment income is credited when it becomes due, and includes an estimate of the underlying income from accumulation units where applicable. Donations and legacies to specific funds are recorded accordingly, with all other donations credited to the Operating Fund. All legacy income is recorded on a cash basis.

(d) Fixed asset investments

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

(e) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

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

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

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

(f) Pensions

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

(g) Stock of books

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

(h) Allocation of expenditure

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

2 VOLUNTARY INCOME

	2011 £	2010 £
<i>Unrestricted funds</i>		
Donations	315,566	103,972
Legacies	466,290	219,314
Subtotal unrestricted	<u>781,856</u>	<u>323,286</u>
<i>Restricted funds</i>		
Donations to the Development Appeal Fund	1,480,823	1,444,189
Donations to the London Library Trust	1,494	1,583
Other restricted donations	2,500	-
Subtotal restricted	<u>1,484,817</u>	<u>1,445,772</u>
Total voluntary income	<u>2,266,673</u>	<u>1,769,058</u>

3 ACTIVITIES FOR GENERATING FUNDS

	2011 £	2010 £
Events and venue hire	31,748	-
Merchandising sales	1,419	1,793
Total income from activities for generating funds	<u>33,167</u>	<u>1,793</u>

4 INVESTMENT INCOME

	2011 £	2010 £
<i>Income from listed investments</i>		
UK	59,350	147,311
Outside UK	54,333	-
Total income from listed investments	<u>113,683</u>	<u>147,311</u>
Interest from deposits	95,065	18,726
Total income from investment portfolio	<u>208,748</u>	<u>166,037</u>
Income from property	46,441	51,201
Total investment income	<u>255,189</u>	<u>217,238</u>

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

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2011 £	2010 £
Annual membership fees	2,236,593	2,095,760
Gift Aid relief on annual membership fees	133,764	283,482
Life membership fees	114,758	101,727
Temporary overseas membership fees	1,020	400
Reference ticket fees	9,950	6,530
True cost donations	445	420
Total incoming resources from charitable activities	<u>2,496,530</u>	<u>2,488,319</u>

6 RESOURCES EXPENDED

6.1 Cost of generating funds	2011	2011	2011	2010	2010	2010
	Staff costs £	Direct expenditure £	Total £	Staff costs £	Direct expenditure £	Total £
Fundraising	154,762	103,512	258,274	142,914	117,192	260,106
Investment management fees	-	1,500	1,500	-	-	-
Total cost of generating funds	154,762	105,012	259,774	142,914	117,192	260,106
6.2 Resources expended on charitable activities						
Buildings and Facilities Management	177,827	377,805	555,632	245,328	371,159	616,487
Reader Services	408,932	-	408,932	505,962	-	505,962
Bibliographic Services	287,663	1,142	288,805	395,608	2,196	397,804
Books, periodicals and online subscriptions	129,360	276,568	405,928	165,161	278,194	443,355
Binding, preservation and Stack Management	160,047	94,394	254,441	222,166	93,096	315,262
Information Technology	76,192	92,053	168,245	97,104	99,332	196,436
Administration	303,136	34,043	337,179	406,326	30,760	437,086
Membership	141,097	92,125	233,222	175,213	70,543	245,756
Development Project	-	91,853	91,853	-	173,992	173,992
Restructuring costs	41,628	34,123	75,751	-	-	-
Resources expended on charitable activities	1,725,882	1,094,106	2,819,988	2,212,868	1,119,272	3,332,140
6.3 Governance Costs						
Audit fee	-	13,500	13,500	-	12,000	12,000
Legal & other professional costs	-	6,561	6,561	-	10,791	10,791
Total Governance Costs	-	20,061	20,061	-	22,791	22,791
TOTAL RESOURCES EXPENDED	1,880,644	1,219,179	3,099,823	2,355,782	1,259,255	3,615,037

7 TANGIBLE FIXED ASSETS

(Group and Library)

	Freehold Property £	Information Technology £	Total £
Cost			
At 1 April 2010	20,284,844	352,304	20,637,148
Additions	1,279,247	26,526	1,305,773
Disposals	-	(8,218)	(8,218)
At 31 March 2011	21,564,091	370,612	21,934,703

7 TANGIBLE FIXED ASSETS continued

	Freehold Property	Information Technology	Total
	£	£	£
Depreciation			
At 1 April 2010	-	208,409	208,409
Charge for the year	-	48,407	48,407
Disposals	-	(8,218)	(8,218)
At 31 March 2011	<u>-</u>	<u>248,598</u>	<u>248,598</u>
Net book values			
At 1 April 2010	<u>20,284,844</u>	<u>143,895</u>	<u>20,428,739</u>
At 31 March 2011	<u>21,564,091</u>	<u>122,014</u>	<u>21,686,105</u>

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

8 FIXED ASSET INVESTMENTS

8.1 Movements during the period

	Group		Library	
	2011 £	2010 £	2011 £	2010 £
Market value at beginning of year	1,795,468	3,921,333	1,146,954	3,390,218
Proceeds of sale	(2,576)	(4,102,327)	(2,576)	(4,102,327)
Cost of purchases	998,486	-	998,486	-
Revaluation gains/(losses)	68,176	1,976,462	46,912	1,859,063
Market value at end of year	<u>2,859,554</u>	<u>1,795,468</u>	<u>2,189,776</u>	<u>1,146,954</u>

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

8.2 Analysis of investments

	Group		Library	
	2011 £	2010 £	2011 £	2010 £
Listed investments:				
UK	1,890,706	1,795,468	1,220,928	1,146,954
Outside UK	968,848	-	968,848	-
Total investments	<u>2,859,554</u>	<u>1,795,468</u>	<u>2,189,776</u>	<u>1,146,954</u>

18 • CONSOLIDATED FINANCIAL STATEMENTS

9 DEBTORS

	Group		Library	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	107,215	166,594	107,215	166,594
Amounts due from The London Library Trust	-	-	53,391	30,240
Other debtors	67,281	23,652	67,281	22,987
Prepayments and accrued income	466,828	443,634	465,085	443,634
Total	641,324	633,880	692,972	663,455

10 CREDITORS

Amounts due within one year:	Group & Library 2011 £	Group & Library 2010 £
Trade creditors	202,942	230,737
Other creditors	54,138	67,906
Accruals and deferred income	748,174	708,239
Total	1,005,254	1,006,882

Amounts due after more than one year:	Group & Library 2011 £	Group & Library 2010 £
Secured bank loan	-	1,400,000
Total	-	1,400,000

11 ANALYSIS OF FUNDS

	B/fwd 01 April 10 £	Income 2011 £	Expenditure 2011 £	Revaluations 2011 £	Transfers 2011 £	C/fwd 31 March 11 £
Unrestricted funds						
Tangible Fixed assets	20,428,739	-	(48,407)	-	1,305,774	21,686,106
Reserves	3,178,284	3,539,379	(3,280,903)	43,800	(107,723)	3,372,837
Subtotal Operating Fund	23,607,023	3,539,379	(3,329,310)	43,800	1,198,051	25,058,943
Pension reserve	(1,717,000)	-	563,000	237,000	-	(917,000)
Total unrestricted funds	21,890,023	3,539,379	(2,766,310)	280,800	1,198,051	24,141,943
Restricted funds						
<i>The London Library</i>						
Development Appeal Fund	-	1,480,823	(333,484)	-	(1,147,339)	-
Drue Heinz Literary Fund	1,008,529	-	-	-	-	1,008,529
Staff Benefit Fund	28,699	-	-	3,111	-	31,810
Other restricted funds	-	2,500	-	-	-	2,500
Subtotal London Library	1,037,228	1,483,323	(333,484)	3,111	(1,147,339)	1,042,839

11 ANALYSIS OF FUNDS continued

	B/fwd 01 April 10 £	Income 2011 £	Expenditure 2011 £	Revaluations 2011 £	Transfers 2011 £	C/fwd 31 March 11 £
Subsidiary trusts						
The London Library Trust	619,377	28,857	(29)	21,265	(50,712)	618,758
Total restricted funds	1,656,605	1,512,180	(333,513)	24,376	(1,198,051)	1,661,597
Total funds	23,546,628	5,051,559	(3,099,823)	305,176	-	25,803,540
Summary						
The London Library	22,927,251	5,022,702	(3,099,794)	283,911	50,712	25,184,782
Subsidiary trusts	619,377	28,857	(29)	21,265	(50,712)	618,758
Group total	23,546,628	5,051,559	(3,099,823)	305,176	-	25,803,540

Operating Fund

The Operating Fund includes the accumulated net surplus. Movements in the fund are shown in the Statement of Financial Activities. The Trustees believe that any balance of funds described as unrestricted funds can rightfully be applied for general purposes without restriction.

Restricted funds

The Development Appeal Fund was launched in 2004 to meet the costs of the library's purchase of 17-22 Mason's Yard ("T S Eliot House"), its fitting out and other development works to the Library (The Development Project). The costs of associated fundraising activities are also charged to the fund. At 31 March 2011 the fund's cumulative income had been fully expended although pledges are in place for future years to cover the remaining commitments under the current phase of works. In the meantime the balance of development expenditure has been borne by the Operating Fund.

The Drue Heinz Literary Fund comprises gifts made by the Drue Heinz Foundation to yield investment income which meets the cost of many of the Library's book purchases.

The Staff Benefit Fund has been built from gifts and investment income after expenditure.

Other restricted funds comprise grants received for a new programme to provide intellectual refugees with free membership of the Library.

Analysis of net assets between funds

	Unrestricted 2011 £	Restricted 2011 £	Total 2011 £
Tangible fixed assets	21,686,105	-	21,686,105
Fixed asset investments	1,143,406	1,716,148	2,859,554
Debtors and prepayments	639,581	1,743	641,324
Bank balances and cash in hand	2,535,683	3,128	2,538,811
Creditors and accrued charges: due within one year	(945,832)	(59,422)	(1,005,254)
Pension liability	(917,000)	-	(917,000)
Total net assets	24,141,943	1,661,597	25,803,540

12 PENSION ARRANGEMENTS

Until 31 March 2011 the Library's pension and death in service benefits were provided via the Staff Superannuation Fund (SSF), a defined benefits scheme, under a definitive trust deed. The assets of the scheme are held independently from those of the Library, and are vested in six named trustees, including two nominated by members of staff. On 1 April 2011 the SSF closed to new entrants and future benefit accruals, and the Library has implemented a new Group Personal Pension Plan and a Group Life Assurance Scheme to provide these benefits in future. The closure of the SSF has given rise to a curtailment gain which is recognised in these financial statements as set out below.

In the year ended 31 March 2011, the contribution by the Library was £389,000 (2010: £337,000), in accordance with the recommendations of the Fund's actuary. The expected contribution for the financial year commencing 1 April 2011 is £180,250. This amount relates to reduction of past service deficits.

A valuation of the Fund has been prepared as at 31 March 2011 in accordance with the Financial Reporting Standards 17 'Retirement Benefits' (FRS17). The major assumptions used are as follows:

	2011	2010
Discount rate	5.5% per annum	5.6% per annum
Price inflation (RPI)	3.8% per annum	3.8% per annum
Price inflation (CPI)	3.3% per annum	N/A
Increases to pensionable pay	5.0% per annum	5.0% per annum
Increases to pensions in payment:		
– Limited Price Indexation (5%)	3.0% per annum	3.0% per annum
– Limited Price Indexation (2.5%)	2.0% per annum	2.0% per annum
Increases to pensions in deferment (employed members):		
– Non-GMP earned before 6/4/2009	3.8% per annum	3.8% per annum
– Non-GMP earned after 6/4/2009	2.5% per annum	2.5% per annum
– GMP	Fixed rates	Fixed rates
Increases to pensions in deferment (deferred pensioner members):		
– Non-GMP earned before 6/4/2009	3.3% per annum	3.8% per annum
– Non-GMP earned after 6/4/2009	2.5% per annum	2.5% per annum
– GMP	Fixed rates	Fixed rates
Mortality		
– Before retirement	No allowance	No allowance

The mortality assumption used for both 2011 and 2010 is the 'Series-1' tables published by the Continuous Mortality Investigation Bureau (CMIB) with future improvements following the CMIB's 2009 projections, with a 1% per annum long term improvement rate. No allowance is made for mortality before retirement. It is further assumed that members will commute 25% of their pension for a tax free cash lump sum on retirement at current commutation rates.

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

	2011		2010	
	£	%	£	%
Equities	3,313,000	7.9	3,018,000	8.0
Bonds	1,849,000	4.4	1,748,000	4.5
Cash/other	412,000	0.5	224,000	0.5
Total	5,574,000		4,990,000	
Actuarial liability	(6,491,000)		(6,707,000)	
Deficit in fund	(917,000)		(1,717,000)	

The overall expected return on the Fund's assets for the year commencing 1 April 2011 (net of investment expenses) is 6.2% (2010: 6.4%). This has been derived as the weighted average of the individual expected rates of return on each major category of assets.

12 PENSION ARRANGEMENTS continued

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

	2011 £	2010 £
Current service costs	272,000	182,000
Interest on pension scheme liabilities	378,000	366,000
Expected return on pension scheme assets	(326,000)	(236,000)
Past service cost	138,000	-
(Gains)/losses on curtailments	(636,000)	-
Total net (income)/expense recognised	(174,000)	312,000

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

	2011 £	2010 £
Actuarial gain/(loss) on assets	41,000	976,000
Actuarial gain/(loss) on liabilities due to experience	238,000	349,000
Actuarial (loss)/gain on liabilities due to assumption changes	(42,000)	(1,210,000)
Actuarial (loss)/gain for the year	237,000	115,000
Cumulative actuarial (loss)/gain	(1,010,000)	(1,247,000)

Changes in the present value of liabilities during the year:

	2011 £	2010 £
Liabilities at start of year	6,707,000	5,459,000
Service cost	339,000	250,000
Interest cost	378,000	366,000
Actuarial (gain)/loss on liabilities due to experience	(238,000)	(349,000)
Actuarial loss/(gain) on liabilities due to assumption changes	42,000	1,210,000
Benefits paid (including expenses)	(239,000)	(229,000)
Past service cost	138,000	-
Curtailments	(636,000)	-
Liabilities at end of year	6,491,000	6,707,000

12 PENSION ARRANGEMENTS continued

Changes in the fair value of assets during the year

	2011 £	2010 £
Fair value of assets at start of year	4,990,000	3,602,000
Expected return on assets	326,000	236,000
Actuarial gain/(loss) on assets	41,000	976,000
Contributions by employer	389,000	337,000
Contributions by members	67,000	68,000
Benefits paid (including expenses)	(239,000)	(229,000)
Fair value of assets at end of year	5,574,000	4,990,000
Actual return on assets	367,000	1,212,000

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

Five-year history

As at 31 March:	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Present value of liabilities	(6,491)	(6,707)	(5,459)	(5,228)	(5,956)
Fair value of assets	5,574	4,990	3,602	4,244	4,382
(Deficit)/Surplus	(917)	(1,717)	(1,857)	(984)	(1,574)
Year ended 31 March:	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Experience gain/(loss) on liabilities	238	349	(97)	108	2
Experience gain/(loss) on assets	41	976	(1,046)	(427)	(19)

13 TRANSACTIONS WITH TRUSTEES

Trustees received no remuneration in connection with their trusteeship (2010: £Nil). One trustee received reimbursement of £4,950 for travel and subsistence expenses incurred in connection with the development of a new overseas fundraising campaign, but otherwise no expenses were reimbursed (2010: £Nil).

14 EMPLOYEES

The average number of employees for the year was 58 (2010: 59). One employee received remuneration in the band £70,000-£80,000 (2010:1) but no other employees received remuneration above £60,000 (2010: None)

The Trustees are most grateful to all the donors listed below, who have made contributions in the year ended 31 March 2011 either for specific purposes or towards the general running costs of the Library:

DEVELOPMENT APPEAL FUND

Double Elephant Folio

Mrs T S Eliot
The Underwood Trust

Atlas Folio

The Foyle Foundation

Elephant Folio

The Horace W Goldsmith Foundation

Folio

Peter Jamieson

Quarto

Dr Penelope McCarthy

Octavo

Lord and Lady Egremont
Clive Richards OBE

Duodecimo

Trevor Coldrey
The O J Colman Charitable Trust
Peter Firth
James Fisher
Giles Flint
The J P Jacobs Charitable Trust
K H McIntosh
Sir Jeremy and Lady Morse
The Viscount Norwich
Clive Priestley CB
Martin and Margaret Riley
Sir Roy Strong

Sextodecimo

David Aukin
Alan Bell
Sir Alan Bowness
Sebastian Brock
Margaret Buxton
Curtis Charitable Trust
Barbara Curtoys
Jane Falloon
Richard Freeman
Michael Gainsborough
J Hilton
The Rt Hon The Lord Justice Longmore
John Madell
John Massey Stewart
John Perkins
W G Plomer
Sonia Prentice
Janet Rennie
Peter Rowland
Sir John Sainty
Martin Smith
The Lady Soames DBE
Dr Gerassimos Spathis
J B Stainton
Christopher Swinson
R and M Walker
Susan Wallington
Jeremy White
Ann Williams
Anthony J T Williams

FOUNDERS' CIRCLE

This special circle, established in Autumn 2010, is a group dedicated to supporting the running of the London Library,

ensuring that it has the means each year to maintain its services, collections and facilities. Named in honour of the first 500 members who set the Library on its feet in 1841, the Founders' Circle comes together at a variety of interesting and exclusive events throughout the year.

Dickens

Dianne and John Browning
Bill Emmott
Ilyas Khan
Elisabeth Murdoch
Basil Postan
Sir Tim Rice
Sir Tom Stoppard OM CBE
Mark Storey
Naomi Zimba Davis

Thackeray

Mark Burton
Adam and Victoria Freudenheim
Anthony Fry
Roger Pilgrim and N B Majaro

Martineau

Professor Jenny Bourne Taylor
Sir Charles Chadwyck-Healey, Bt
Lady Sarah Chatto
Cathy Corbett
Lady Caroline Dalmeny
Sir John Gieve
Louis Greig
Loyd Grossman
Lawrence and Lucy Guffey
Sheila Hancock
Professor Jocelyn Hillgarth
Philip Hooker
Roger Jospé
Alan Keat
Patricia Lennox-Boyd
Leonora, Countess of Lichfield
His Hon Humphrey Lloyd QC
The Mackintosh Foundation
Alan Russett
Theresa Sackler
Sir John Scarlett KCMG OBE
Sir James Spooner
James Stainton
Rosemary Stewart (Mrs I M James)
Marjorie Stimmel
Paul Swain
Lady Judy Taylor
Harriet Tuckey
John C Walton
Clive Wright

BOOK FUND

Great Primer

Peter Rosenthal

Cicero

Janey King
Colin Lee
Logos Charitable Trust
Anne Sebba
Sybil Shean
Colin Stevenson
Marion Ward

Nonpareil

John Burman
Barnabus Brunner
Norman Franklin
Belinda Harley
Terence Jagger CBE
Jeanne Moore
James Myddleton
Timothy Schroder
Sir Nicholas Underhill

Brilliant

The Marquess of Anglesey
Nicholas Baring
James Bartlett
Philip Bovey
Sue Bradbury
Penelope Byrde
Rupert Christiansen
John Crawley
The Revd Canon Dr Donald Gray CBE
Judy Hillman
Dr Catherine Horwood
Jenny Joseph
John Mitchell
Robert Pattinson
Dr Ann Saunders
Joanna Selborne

GENERAL DONATIONS

John Barney
Jean Bowden-Green
The Hon Mrs Annabelle Chisholm
A O J Cockshut
The L E Collis Charitable Trust
Faith Cook
Glenys Dean
Professor Michael Foot CBE
Mark Frankland
Alan Gregory CBE
Lionel Halpern
Richard Hillier
Dr Anthony Hobson
Ashley Huish
Reverend Stephen Humphreys
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The Lanistown Trust
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Christine Ruge-Cope
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David Sherlock
Douglas Smith
Dr Claus Spitzfaden
Patrick Streeter
Thomas Timmins
Sir Simon Towneley KCVO
Professor Germaine Warkentin
Waterstone's
Dr Peter Watson
Revd Anthony Winter

Thank you to all those members who have supported the Library through the use of the Everyclick search engine.

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

The Trustees are grateful to the Sigrid Rausing Trust for a generous donation supporting intellectual refugees under its London Library Fellows programme.

Jane Gregory and Bernadette Fierz kindly donated towards the Library's Retrospective Cataloguing project.

LEGACIES

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

Mrs Katharine Ashton
Robert Hugh Beevers
Stephen David Bonser
Margaret Finnegan
Ian Michael Gillis
George Girling Grange
Dr Rosina Philpot
Jean Pearl Isabella Watson

The literary estates of Ian Parsons, Robert McNair Scott and Reay Tannahill have provided income from royalties.

DONATIONS OF BOOKS

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

Mark Adams
Jeremy Adler
Akademie der Wissenschaften und der Literatur, Göttingen
Akademie der Wissenschaften und der Literatur, Mainz
Abimbola Alayo
American Museum in Britain
Amici Thomae Mori
The Angela Thirkell Society
The Anglo-Hellenic League
The Anthony Powell Society
Antique Collectors' Club
Arts Council of England
Neal Ascherson
Anthony Astbury
Mark Baczoni
Peter Bagwell Purefoy
Dr Phil Baker
Barbados Museum and Historical Society
Professor Jean Paul Barbier-Mueller
Nicolas Barker OBE
Bath Royal Literary and Scientific Institution
Geraldine Beare
Alan Beattie
Simon Beattie
Charles Beauclerk
The late Robert Beevers
Alan Bell
Professor Tim Benton
The Bibliographical Society

24 • DONATIONS AND BEQUESTS

- Malcolm Billings
 Professor Benedetta Bini
 The late Stephen Bonser
 Dr Alan Borg CBE
 Frances Borzello
 Mark Bostridge
 Keith Botsford
 Professor Jenny Bourne Taylor
 Elizabeth Boyden
 His Honour Anthony Bradbury
 The British Library
 British Sociological Association
 Robin Broadley
 The Browning Society
 Barbara Bryant
 Katherine Bucknell
 Sir Colin Budd KCMG
 Dr John Burman
 Rupert Butler
 Roberto Calasso
 Peter Caracciolo
 Dr Lionel Carter
 The Cartoon Museum
 Sir Charles Chadwyck-Healey, Bt
 The Charles Williams Society
 Chawton House Library
 Dr Alan Chedzoy
 Chris Beetles Ltd
 Rupert Christiansen
 Christie's
 The Churches Conservation Trust
 John Clare
 Roger Clark in memory of
 Dr Robert C J M M d'A Oresko
 Dr Peter Clarke
 Catrine Clay
 Professor Patrick Collinson
 Artemis Cooper
 David Corcos
 Mrs Winifred Coster in memory of
 Alan Coster
 Peter Crookston
 The Cumberland Society in memory of
 Dr J E O Screen
 Timothy d'Arch Smith
 Gillian Darley
 Michael Darlow
 Derbyshire Archaeological & Natural
 History Society
 Bejtullah Destani
 Jessica d'Este
 Edmund De Waal
 Dods
 Taylor Downing
 Downside Abbey
 Dr Alexander Drace-Francis
 The University of Dublin
 Professor Christopher Duffy
 Maureen Duffy
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 Professor William Firebrace
 Lord Charles Fitzroy
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 Dr Margaret Ford
 Julian Francis
 The Francis Brett Young Society
 Michael Freeman in memory of
 Sarah Freeman
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 Friends of Canterbury Cathedral
 Friends of the Dymock Poets
 Nadia Fusini
 The late Geoffrey Gibbens
 Professor Robert Giddings
 Dr Emelyne Godfrey
 Goldenford Publishers
 Robert Gomme CB
 The Revd Canon Dr Donald Gray CBE
 Peter Gray in memory of Duncan Gray
 Jonathon Green
 Aubrey Greene
 Gillian Greenwood in memory of
 Mary Curtis Webb
 Robert Gwynne
 Martin Haddon
 Dr Andrew Hall
 Michael Hall
 Jeremy Harte
 Michael Harverson
 Sir Max Hastings
 Dr Daisy Hay
 Roberta Hay
 Karen Hearn
 Helion & Co Ltd
 Richard Heller
 Henry Sotheran Ltd
 Hertfordshire Association for
 Local History
 John Heuston
 Joseph Hillaby
 Professor Jocelyn Hillgarth
 Bevis Hillier
 Marianne Hinton
 The History Press
 The late Katharine Huggett
 Dr J T Hughes
 Reverend Stephen Humphreys
 Professor John Dixon Hunt
 The Institute of Linguists
 Brigadier Satish Issar VSM
 Istituto Italiano di Cultura
 Anne James
 George Jerjian
 Simon Jervis
 John Buchan Society
 Hugh Johnson
 The Joseph Conrad Society (UK)
 The Kaireios Library
 Michael Katakis
 Keats Shelley Memorial Association
 Dr Michael Kendall
 Rosemary Kennedy in memory of
 Pauline Hamilton-Russell
 Fiona Kilpatrick
 The Kipling Society
 Andrei Konchalovsky
 Kongelige Danske Videnskabernes
 Selskab
 Christina Koning
 William Kuhn
 Dr Malcolm Lambert
 Laurel Books
 Dr W Gordon Lawrence
 Dr Daniel and Katharine Leab
 The late Rosemary Leach
 Michael Lee
 Edward Leeson
- Joshua Levine
 The Lord Lexden
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 The National Arts Collection Fund
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 Michael Nelson
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 Notes and Queries for Somerset and Dorset
 The late Patrick O'Connor
 Stephen Ongpin
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 Valerie Orpen in memory of Nicole Orpen
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 Wissenschaften
 James Owen
 The late Elaine Paintin
 Derek Parker
 Brian Patterson
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 Helen Pike
 Pollocks Toy Museum Trust
 Dr Cecilia Powell
 Claire Powell
 The Powys Society
 Dr David Rain
 Random House
 Dr Tessa Ransford OBE
 Nicholas Redman
 Lord Rees-Mogg
 The Reform Club
 Joan Reid
 The late Olive Renier
 Philip Ridd
 Ridinghouse
 Andrew Robinson
- Derrick Rowe
 Dr Dorothy Rowe
 Peter Rowland
 Royal Academy of Arts
 The Royal Anthropological Institute
 The Royal Artillery Institution
 Royal Collection Enterprises
 Royal Horticultural Society
 The Royal Society
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 The Rupert Brooke Society
 Dale Russell
 Alan Russett
 Robin Saikia
 Professor Andrew Saint
 Samuel French Ltd
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 Siegfried Sassoon Fellowship
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 Society of Authors
 Society for Psychological Research
 The Society of Women Writers
 and Journalists
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 Stewart Spencer
 Brian Stableford
 Kay Staniland
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 Vivien Stern
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 Dr Barry Turner
 Unlock Democracy
 Dr William Van der Kloot
 Dr Geoffrey Vevers
 Margaret Voggenauer
 Dr Susan Wallington
 Rupert Walters
 Professor Marina Warner CBE
 The late Geoffrey Warren
 Jeremy Warren
 Jane Weeks
 Paula Weideger
 Gavin Weightman
 Richard Wendorf
 Dame Juliet Wheldon
 Sheila Whitaker
 Professor Sir Christopher White CVO
 Clifford Williams-Gentle
 Simon Winchester
 Dr Christopher Wright
 The Writers' Guild of Great Britain
 Dr Ann Wroe
 Andrea Wulf
 Bill Wyman
 Gwynth Yarker
 Jim Younger

MEMBERSHIP AT YEAR-END

	Numbers at 31 March	
	2011	2010
Life members	1,343	1,307
Annual members	5,445	5,105
Spouse/partner (Rule 3) members	219	220
Representative members	130	132
Total	7,137	6,764

TEN-YEAR SUMMARY OF MEMBERSHIP

YEAR	MEMBERS			
	Number at year-end	New members during year ¹	Withdrawals during year	Increase/ (Decrease)
2002	8,329	499	(562)	(63)
2003	8,189	511	(651)	(140)
2004	7,917	399	(671)	(272)
2005 ²	7,766	343	(494)	(151)
2006	7,903	631	(494)	137
2007	8,025	656	(534)	122
2008	7,823	669	(871)	(202)
2009	6,998	547	(1,372)	(825)
2010	6,764	509	(743)	(234)
2011	7,137	993	(620)	373
Average	7,685	576	(701)	(126)

USE OF LIBRARY

YEAR	BOOK PURCHASES		BOOKS CATALOGUED		CIRCULATION ³	
	Expenditure in year (£)	Increase/ (Decrease) (£)	Number in year	Increase/ (Decrease)	Borrowed in year	Increase/ (Decrease)
2002	195,878	14,550	10,170	1,820	83,007	85
2003	204,736	8,858	9,223	(947)	83,200	193
2004	202,645	(2,091)	7,786	(1,437)	84,828	1,628
2005 ²	201,160	(1,485)	7,020	(766)	71,829	(12,999)
2006	228,758	27,598	8,050	1,030	81,559	9,730
2007	239,108	10,350	9,134	1,084	80,639	(920)
2008	246,295	7,187	9,200	66	84,658	4,019
2009	266,354	20,059	11,250	2,050	82,490	(2,168)
2010	278,194	11,840	9,050	(2,200)	81,317	(1,173)
2011	276,568	(1,626)	8,123	(927)	85,685	4,368

¹ Includes reinstatements

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

³ Circulation records only books borrowed and not books used only within the Library

TEN-YEAR FINANCIAL SUMMARIES

Unrestricted funds only

¹ YEAR	Membership income £	Investment income £	Other income £	Library expenses £	Net surplus/ (deficit) £
2002	1,059,783	448,213	523,540	2,059,797	(28,261)
2003	1,155,880	451,879	338,874	2,179,415	(232,782)
2004	1,323,465	469,449	590,022	2,513,117	(130,181)
² 2005	1,223,052	550,894	265,716	2,294,192	(254,530)
³ 2006	1,465,299	392,869	203,409	2,657,073	(595,496)
2007	1,621,616	211,668	488,914	2,722,212	(400,014)
⁴ 2008	1,853,098	331,553	474,722	2,794,099	(134,726)
2009	2,515,403	296,077	265,762	3,121,744	(44,502)
⁵ 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

¹ From 2002-2004 inclusive year ended 30 April

² 11 months ended 31 March 2005

³ From 2006 onwards year ended 31 March

⁴ 2008 figures re-stated in respect of deemed investment income and management fees

⁵ 2010 figures re-stated to exclude grant from The London Library Trust eliminated on consolidation

LIBRARY FUNDS

¹ YEAR	Free reserves (excluding Pension Reserve) £000	Pension Reserve (see Note 2) £000	Free reserves (including Pension Reserve) £000	Tangible fixed assets £000	Total unrestricted £000	Total restricted £000	Total funds £000
2002	11,714		11,714	3,306	15,020	1,041	16,061
2003	8,839		8,839	3,310	12,149	1,035	13,184
2004	9,881		9,881	3,265	13,146	1,031	14,177
² 2005	5,520	(1,345)	4,175	8,001	12,176	1,729	13,905
2006	5,203	(1,826)	3,377	9,318	12,695	1,504	14,199
2007	6,021	(1,574)	4,447	11,515	15,962	1,053	17,015
2008	5,196	(984)	4,212	13,957	18,169	1,706	19,875
³ 2009	3,535	(1,857)	1,678	15,303	16,981	3,089	20,070
⁴ 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

¹ From 2002-2004 inclusive year ended 30 April; from 2005 onwards year ended 31 March.

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

³ 2009 figures re-stated following change of accounting policy (see 2010 accounts)

⁴ 2010 figures re-stated on consolidated basis including The London Library Trust

COMMENT

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

TRUSTEES

James Fergusson

Inez T P A Lynn

Mark Storey

Dr Dora Thornton (*until 13 December 2010*)

Charity Registration Number 312175-1

ANNUAL REPORT AND FINANCIAL STATEMENTS 2010-2011

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

The trustees are appointed by the Library's Trustees; they include the Librarian *ex officio* and at least one of the Library's Trustees. When trustee vacancies occur, the balance of skills and experience among the remaining trustees is reviewed and the desired expertise is sought among the trustees or members of the Library as appropriate. New trustees are given an induction manual covering the duties and responsibilities of trustees, the Deed of Trust, and all other relevant documents of record, including the minutes and papers from the previous year. Thanks are due to Dora Thornton who resigned as trustee in December 2010 after nearly ten years' valuable service.

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

During 2010-2011 the Trust has focused on ensuring that the Library's facilities remain affordable to those of limited means by assistance to a wide range of applicants through the Carlyle Membership scheme. Carlyle Membership of the Library is open to all and assistance, in the form of a subsidy from the Trust, will normally cover 30%, or in exceptional cases 60%, of the full annual subscription, the amount and duration of assistance being at the discretion of the Trustees. Students generally continue to receive Trust grants for the duration of their registered courses but the Trust is intended to assist any member or intending member who can demonstrate financial necessity and a special need of the Library's resources. Many beneficiaries' needs are not linked to formal academic study and the Trustees would encourage anyone who might have need of a grant to seek further information from the Library's membership office.

Grants paid in support of membership fees in the year totalled £50,712 during a time of financial hardship for many (2010: £50,535). 78 new grants were awarded (2010: 77), making a total of 352 current beneficiaries (2010: 340). 20 of the new grants were awarded to students (2010: 19), 35 to writers or aspiring writers (2010: 24); the other 23 beneficiaries included retired academics and "general readers" (2010: 34). It is good to see how many recipients are pleased to take on the full subscription themselves once their financial circumstances permit.

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

and Charishare Common Investment Funds. The investment objective of Charinco is to provide a high level of income from a portfolio of fixed interest securities, while the objective of Charishare is to achieve capital growth from an equity portfolio while providing an increasing income over the medium term to combat inflation. Investment income for the year was £27,363 (2010: £25,787), and the investments also increased in value by £21,265 (2010: £117,399).

The demand for grants means that the Trust's annual expenditure now exceeds its income by over £20,000. The Trustees' current policy is to meet this demand in full within their established assessment framework. There is evidence that the demand may be levelling off but even if the annual shortfall does not increase it cannot be sustained indefinitely, and the scope for increasing income from the investment portfolio is limited. Unless the Trustees can secure additional voluntary income they will therefore have to consider selling some of the Trust's investments to meet current needs, thus depleting the endowment for future beneficiaries, or altering the framework so as to reduce grant commitments. To avoid this they would like to encourage members who feel able to do so to make a donation to the Trust, and perhaps to consider leaving a legacy in their will. By doing so they will help ensure that all those who need it will continue to have access to the Library's resources.

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

The A H J Charitable Trust; The Marquess of Anglesey;
P & M Gosden; D G Homfray-Davies; P S C Lewis;
Inez T P A Lynn; R D MacLeod; Tim Severin; The Revd Ann Shukman;
A Sokolov; Gill Turner; and Hugh Whitmore.

Approved by the Trustees on 29 June 2011 and signed on their behalf by

Mark Storey
TRUSTEE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the relevant legislation. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Inez T P A Lynn
TRUSTEE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

		Unrestricted and total funds 2011	Unrestricted and total funds 2011	Total funds 2010	Total funds 2010
	<i>Note</i>	£	£	£	£
INCOMING RESOURCES					
Donation income	2	1,494		1,583	
Investment income	3	27,363		27,587	
		<hr/>		<hr/>	
TOTAL INCOMING RESOURCES			28,857		29,170
RESOURCES EXPENDED					
Grants for Carlyle memberships		50,712		50,535	
Miscellaneous expenses		29		29	
		<hr/>		<hr/>	
Direct charitable expenditure			50,741		50,564
			<hr/>		<hr/>
NET OUTGOING RESOURCES			(21,884)		(21,394)
GAINS/(LOSSES) ON INVESTMENTS	4		21,265		117,399
			<hr/>		<hr/>
NET MOVEMENT IN FUNDS			(619)		96,005
FUND BALANCES					
BROUGHT FORWARD	5		619,377		523,372
			<hr/>		<hr/>
FUND BALANCES			618,758		619,377
CARRIED FORWARD	5		<hr/>		<hr/>

BALANCE SHEET AS AT 31 MARCH 2011

	2011	2011	2010	2010
<i>Note</i>	£	£	£	£
FIXED ASSETS				
Listed investments	4	669,779		648,514
CURRENT ASSETS				
Debtors and prepayments	1,743		665	
Bank balances and cash in hand	627		438	
	<u>2,370</u>		<u>1,103</u>	
CURRENT LIABILITIES				
Creditors and accrued charges	(53,391)		(30,240)	
	<u>(53,391)</u>		<u>(30,240)</u>	
NET CURRENT (LIABILITIES)		<u>(51,021)</u>		<u>(29,137)</u>
TOTAL NET ASSETS		<u>619,758</u>		<u>619,377</u>
Representing				
NET FUNDS		<u>619,758</u>		<u>619,377</u>

Approved by the Trustees on 29 June 2011 and signed on their behalf by

Mark Storey
TRUSTEE

Inez T P A Lynn
TRUSTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Income

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

(c) Fixed asset investments

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

2 DONATION INCOME

	2011 £	2010 £
General donations	1,494	1,583
Total donation income	1,494	1,583

3 INVESTMENT INCOME

	2011 £	2010 £
Income from UK investments	27,363	27,587
Total investment income	27,363	27,587

4 INVESTMENTS

	2011 £	2010 £
Market value at beginning of year	648,514	531,115
Unrealised gains	21,265	117,399
Market value at end of year	669,779	648,514

Summary of investments at the end of year

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

	Cost 2011 £	Market value 2011 £
Charinco Common Investment Fund	278,262	282,607
Charishare Common Investment Fund	417,392	387,172
Total investments	695,654	669,779

5 ANALYSIS OF FUNDS

	B/fwd	Income	Expenditure	Revaluations	C/fwd
	01 April 10	2011	2011	2011	31 March 11
	£	£	£	£	£
Accumulated Fund	497,451	28,857	(50,741)	21,265	496,832
T S Eliot Centenary Fund	121,926	-	-	-	121,926
Total funds	619,377	28,857	(50,741)	21,265	618,758

THE LONDON LIBRARY INTERNATIONAL FRIENDS



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

Transnational Giving Europe

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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Charity Registration Number 312175

THE LONDON LIBRARY

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