

A large, stylized graphic of the numbers 1, 2, 3, and 4 is positioned in the background. The numbers are rendered in a light blue color against a darker blue background. The '1' is on the left, '2' is on the top right, '3' is on the bottom right, and '4' is on the bottom left. The text 'THE LONDON LIBRARY' is overlaid on the '2' and '3' digits.

THE
LONDON
LIBRARY

THE
LONDON LIBRARY
ANNUAL REPORT AND
FINANCIAL STATEMENTS
2012-2013

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

Closed Dates

The Library will be closed on the following inclusive dates:

2013

Christmas

Tuesday 24 December –
Friday 27 December

2014

New Year's Day

Wednesday 1 January

Easter

Friday 18 April – Monday 21 April

Early May Bank Holiday

Saturday 3 May – Monday 5 May

Spring Bank Holiday

Saturday 24 May – Monday 26 May

Summer Bank Holiday

Saturday 23 August – Monday 25 August

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TRUSTEES, SENIOR STAFF AND ADVISERS

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

TRUSTEES

Chairman

Bill Emmott (2,5,6)

Other trustees serving throughout the year:

Adam Freudenheim (2,4)

Margaret Heffernan (5,7)

Margaret Lincoln (1)

Basil Postan (3,6)

Nick Wong (1)

Trustees serving until 6 November 2012:

Kevin Murphy (1,4)

Sir Nicholas Underhill (*Vice-Chair*) (2,5)

Trustees serving from 6 November 2012:

Sir Andrew Popplewell (2,6)

Peter Stewart (1)

SENIOR STAFF

Librarian (*Chief Executive*)

Deputy Librarian

Bursar

Development & Communications Director

Head of Acquisitions

Head of Bibliographic Services

Head of IT

Head of Preservation & Stack Management

Head of Reader Services

Membership Administrator

Interim Facilities Manager (*consultancy*)

ADVISERS

Bankers

Barclays Bank plc

1 Churchill Place, London E14 5HP

Fund managers

Legal & General Investment Management Ltd

One Coleman Street, London EC2R 5AA

BlackRock Investment Management (UK) Ltd

33 King William Street, London EC4R 9AS

Solicitors

Bates Wells & Braithwaite LLP

2-6 Cannon Street, London EC4M 6YH

Key to Committees:

1 Building Project Steering Committee

2 Byelaws Committee

3 Finance Committee

4 Nominations Committee

5 Remuneration & Appraisal Committee

6 Revenue Committee (*reconstituted as Development Committee January 2013*)

7 Risk & Governance Committee (*disbanded November 2012; responsibilities reallocated*)

Treasurer

Mark Storey (3)

James Hannam (3)

Philip Hook (6)

James Owen (6)

Alice Sherwood (4,7)

The Rt Hon Lord Sumption OBE (7)

David Reade QC (5)

Elizabeth Wilson (4)

Inez T P A Lynn BA MLitt MCLIP

Jane Oldfield BSc MA MCLIP

Paul Hamlyn MA ACA

Lottie Cole MA (*until August 2012*)

Dyan Sterling (*January to April 2013*)

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

Mary Gillies MA PgDip InfSci

(*sabbatical cover 1 year from September 2012*)

Bridie Macmahon BA DipLib

Matthew Burkett BTech BIFM (*from January 2013*)

Auditors

Moore Stephens LLP

150 Aldersgate Street, London EC1A 4AB

Pension consultants

Broadstone Limited

55 Baker Street, London W1U 7EU

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 superabundant quantity, the Library helps to maintain the quality.

The Library has functioned for over 170 years with a simple but effective financial model based primarily on membership subscriptions, and the Trustees believe that this remains the right one given the nature of its objectives. Fees are set to meet this aim in the context

of the Library's overall budget and are approved by the members at their Annual General Meeting.

The ordinary annual fee for individuals is currently £460, or £38.33 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. Each grant application is assessed carefully since resources are necessarily limited, but support is never declined where there is clear evidence of need. The majority of grants paid represent a fee subsidy of between 30% and 60%. During the financial year 73 new Carlyle memberships were awarded (2012: 77) bringing the total number of members in receipt of this fee subsidy at 31 March 2013 to 378 or 5.3% of the total membership (2012: 359 or 5.0% of the total membership). The total amount of such fee subsidies paid in the year was £65,795 (2012: £58,490), representing 2.8% of the Library's total income from annual membership fees (2012: 2.4%).

During the year the Library undertook a review of the structure and function of The London Library Trust with a view to streamlining its administration and enabling it to be integrated within a wider framework of supported membership initiatives. It is hoped that this in turn will facilitate targeted fundraising. The necessary amendments to the Trust Deed were completed in April 2012 at which point the Library became the sole trustee of the Trust replacing the previous individual trustees.

Young Person's membership is available to anyone under the age of 25 at half the ordinary annual rate, and there were 399 members in this category at 31 March 2013, or 5.6% of the total membership (2012: 385 or 5.4%). Separate charges are made for postal loans and for extra books above the standard allowance, but the annual fees due from each member are not dependent on either the nature or the amount of usage made of the Library's facilities by that member, which can vary considerably. Whilst many of the Library's members are active writers and researchers, there are many others whose usage is more occasional but who see the Library as a cause worth supporting precisely because of its wider public benefits.

In setting the Library's objectives and planning its activities, the Trustees give careful consideration to the Charity Commission's published guidance and other research on public benefit and its reporting.

PERFORMANCE IN 2012-2013

COLLECTIONS

Our objective – To maintain the range of the Library's collections, developing existing strengths and expanding digital resources where these offer complementary content or improved access.

- We continued to add to the collection in all subject areas, with purchases totalling £306,419 (2012: £298,477). This total includes £38,737 (2012: £37,001) for digital/online resources (reflecting the growing importance of this aspect of the collection) and £82,905 (2012: £78,240) for periodicals.
- During the year we received donations to the Book Fund totalling £27,928 (2012: £99,264) in addition to £1,275 (2012: £5,350) for the Adopt A Book scheme. We also received donated books and periodicals worth £30,800 (2012: £17,700). We are most grateful to all the donors listed on pages 24-26 for their generosity.
- Our in-house team conserved 1,896 books from the collections on open shelves (2012: 2,232) despite continued additional work on the repair or replacement of books damaged by the flood in August 2011 (see section on Risk Management on page 8 for further information).
- We also created preservation assessment records for 963 rare books and pamphlets while cleaning and repairing the books and placing them in secure accommodation (2012: 986).
- We sent 4,447 volumes to commercial binders for binding or re-binding (2012: 4,386).
- 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 provide high quality services that support research and reading by the Library's members and the wider public.

- 82,861 books were loaned during the year (2012: 85,360) including 4,568 (2012: 4,091) sent through the postal loans service and 689 (2012: 135) borrowed through the inter-library loan system on behalf of members. Some 69,075 (2012: 71,290) 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 561 rare books not in general circulation were requested and made available for supervised consultation during the year (2012: 904).
- We placed and processed 36,624 requests to retrieve and set aside material, in the course of dealing with a wide range of enquiries from members (2012: 34,752).
- We sent 340 books to public libraries on request for the use of their own members (2012: 134).

- We added 8,956 volumes to the current catalogue in respect of books purchased or donated (2012: 9,716) and all volumes were catalogued within 2 days of receipt. We added 11,745 titles (comprising 18,716 volumes) from the old printed catalogue to the online catalogue (2012: 10,920 titles comprising 14,306 volumes). From November 2012 we employed two full-time staff to work exclusively on retrospective cataloguing, using the proceeds of a large legacy from the estate of John French Slater.

MEMBERSHIP

Our objective – To maintain membership numbers at the levels needed to underpin the Library's finances while widening access to its resources.

Total membership numbers began the year at 7,155 and fell slightly to 7,147 at the end of March 2013. The net decrease of 8 in the year comprises

	Annual	Life	Total
New members	808	11	819
Reinstatements	2	-	2
Commutations	(39)	39	-
Withdrawals/deaths	<u>(795)</u>	<u>(34)</u>	<u>(829)</u>
Net	<u>(24)</u>	<u>16</u>	<u>(8)</u>

Of the new annual members 200 were under the age of 25 (2012: 214).

The numbers of new members and withdrawals are both very similar to those for 2011-2012. The Library's recruitment initiatives have continued to deliver good results, but retaining members is challenging at a time when both individuals and organisations are having to review their discretionary expenditure very carefully.

An increasing proportion of new members are in reduced-rate categories, which helps to widen access albeit at the cost of reduced fee income. In addition to Carlyle and Young Persons members, spouse member numbers have continued to increase since the fee was reduced to 50% of the ordinary annual rate in 2012.

The Library uses a range of initiatives to recruit new members, and these continue to be developed and reviewed. However, the Trustees continue to believe that personal recommendation is the single most effective recruiting tool and have worked hard to this end – they are also grateful for the efforts of non-trustee members in this regard. Under an incentive scheme launched in July 2010 current members who recruit new members are entitled to a fee discount of £50 at their next renewal; by 31 March 2013 a total of 508 members qualified for the discount and 263 (51.8%) had taken it up.

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

BUILDINGS & FACILITIES

Our objective - To provide buildings and facilities of high quality that meet the needs of the Library's users.

- Planning has continued for the remaining phases of the Development Project. Funds have been secured to enable the next phase (Phase 3A) to commence in June 2013, with a full refurbishment of the main Reading Room and the adjacent North Bay.
- During the year the Library re-tendered its facilities contracts and subsequently appointed new contractors who have delivered improved service levels and better value for money. An interim Facilities Manager was engaged on a consultancy basis in January 2013 to update the Library's procedures and lead the recruitment of a permanent head of function.

STAFF AND VOLUNTEERS

During the year the Library planned and introduced a formal Review and Development process, intended to help staff do their jobs as well as possible by reviewing past performance, identifying training and development needs and setting appropriate future objectives. A special staff working group was convened to agree the detailed design of the process and the initial meetings and documentation were completed by the end of March 2013. Full implementation will follow in the 2013-2014 financial year and initial feedback from staff has been mainly positive.

We are grateful to the following volunteers for their important contributions during the year: to the NADFAS team of Alan Bergman, Carolyn Ezekiel and Jeanne Madill who assisted with essential repairs to the book stock; to John Perkins and Talitha Wachtelborn who assisted with conservation work or listing of rare or vulnerable books to be housed in secure storage; to Yashvi Khatri and Ami Stoppard for their work in the Development Office on marketing and events; to James Blake, Giulia Neri and Marit Tronslin for their work on retrospective cataloguing; to Kathryn Shepherd for her assistance to the Administration team.

FUNDRAISING

In August 2012 the Library's Development & Communications Director, Lottie Cole, left to join another organisation after eight years in post. Having initially been recruited to secure capital funds for the Library's Development Project, she had subsequently led a dynamic team which had expanded during her tenure to meet a range of additional challenges. Following a full review in 2011-2012 a new staff structure was implemented in April 2012, including dedicated managers responsible for each major sector. The new team was talented but relatively inexperienced, and the loss of strategic leadership at such an early stage was a significant setback. In particular, despite early promise a new initiative to seek high

value sponsorship from the corporate sector has met with no success and has now been discontinued. Future fundraising strategy will focus on the cultivation of individual donors and private trusts. An interim staffing structure is now in place to maintain momentum while longer term arrangements are established.

REVENUE FUNDRAISING

The Founders' Circle raised £179,468 (2012: £237,800) including Gift Aid during the year, from 50 (2012: 62) UK members. A further £86,965 (2012: £2,159) was received from 13 donors in the US chapter. Other donations from individuals totalled £35,629 including £28,840 for the Book Fund and Adopt A Book schemes (2012: 104,614) and £6,381 for supported memberships (including donations for The London Library Trust) (2012: £3,419). Income from trusts totalled £15,363 comprising mainly a £15,000 grant from Mrs R M Chambers Settlement (2012: £20,000, previously included within legacies). Events and merchandising added a total of £7,685 (2012: £13,335).

Legacy and estate income (including royalties from literary estates) totalled £348,880 (2012: £31,750 excluding £20,000 from Mrs R M Chambers Settlement referred to above). This includes £280,000 from the estate of Betty Kathleen d'Alton and £50,000 from that of John French Slater. The Trustees' established policy is to designate such large legacies for strategic initiatives rather than general purposes and accordingly these funds have been applied to the Development Project and Retrospective Cataloguing respectively. A further £390,000 has been received since 1 April 2013 from the d'Alton estate, bringing the cumulative total to £670,000 of which £500,000 has been earmarked for the Development Project, and a decision will be taken later as to the application of the remainder.

ENDOWMENT FUNDRAISING

During the year the Library received a generous donation of £250,000 from Lewis Golden, a distinguished former Treasurer and Chairman, to create an endowment in memory of his late wife Jacqueline. This was supplemented by a further £20,000 from a donor who wishes to remain anonymous.

CAPITAL FUNDRAISING

Funds previously pledged to the Development Appeal Fund totalling £0.6 million (2012: £1.4 million) were received in the year, while previous pledges totalling £0.4 million (2012: £0.8 million) remained outstanding at the year end. A magnificent new donation totalling £1m was secured during the year from the Sackler Foundation, of which £0.1m was received for Phase 3A with the remaining £0.9m pledged for Phase 3B.

Fundraising costs totalled £292,845 (2012: £235,430).

PLANS

A new 5-year strategic plan for the Library was launched in autumn 2012, identifying specific objectives and the action planned to achieve them within a framework of five key strategic priorities:

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

Within this strategic framework the following key operational objectives have been set for 2013-2014:

- Safeguard collections and services by developing existing Emergency Response plans for collection care into a full Business Continuity Plan (Priority 1)
- Increase understanding of member needs through analysis of member activity to inform recruitment and retention (Priority 2)
- Enhance and extend reader spaces through the upgrade and refurbishment of the Reading Room and its North Bay, taking the opportunity also to review the Reading Room reference collections, their classification and arrangement for ease of use (Priority 3)
- Carry out interim refurbishment of Members' Room (Priority 4)

HOW CAN MEMBERS HELP?

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

- Recommend the Library to friends and encourage them to join (if you are an annual member we will offer you a £50 discount on your next renewal for each new member who signs up as a result)
- Enrol your spouse, parents, children or grandchildren as members
- Switch your payment method to direct debit to make administration easier (68% already have)
- Join the Founders' Circle, and/or encourage other members with means and a strong interest in literary and cultural institutions to join
- Encourage companies and institutions to join as institutional members
- If you are a US taxpayer, consider supporting us through the International Friends of The London Library, a registered 501(c) 3 charitable corporation based in New York
- Make a donation to support new acquisitions, or to assist members who struggle to afford the full membership fee
- Donate a book you have written or persuade a publisher to donate books to the Library on request
- Make a bequest to the Library in your will or name it as a residuary legatee
- Make a donation to the Development Project or introduce a potential donor or grant-making trust to the fundraising team

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

FINANCIAL REVIEW

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

	2012-2013	2011-2012
	£m	£m
Total income	4.5	4.6
Total expenditure	<u>(3.4)</u>	<u>(3.2)</u>
Net surplus before investment gains/(losses)	1.1	1.4
Investment gains	0.3	0.1
Actuarial losses on pension scheme	<u>(0.2)</u>	<u>(1.1)</u>
Net movement in funds	1.2	0.4
Funds brought forward	<u>26.2</u>	<u>25.8</u>
Funds carried forward	<u>27.4</u>	<u>26.2</u>

The net surplus within the above summary comprises £0.3m in unrestricted funds, £0.5m in restricted funds (mainly the Development Appeal) and £0.3m in endowment funds. The surplus on unrestricted funds is due entirely to receipts from major legacies and in accordance with established policy these have been designated for strategic initiatives outside the Library's core budget.

Investments recorded satisfactory capital growth and there was a moderate net actuarial loss on the final salary pension scheme, as the increase in liabilities outweighed the growth in asset values. Capital expenditure, which does not appear in the above summary, totalled £0.1m in the year. Further details can be found in the financial statements.

RESERVES AND INVESTMENT POLICIES

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

The table opposite sets out the structure of target reserves, separated into three tiers according to their purpose. 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, taking into account the exposure associated with the building project and the pension fund deficit. Given the Library's prudent approach to budgeting and investment strategy the amount has been reduced from the previous year.

The table also shows the allocation of investment assets considered appropriate for each tier of reserves. It is widely accepted that equity investments have historically given the best performance of any asset class over the longest time periods, but experience has shown that the returns are highly volatile. The Trustees are mindful of the fact that the Library has high fixed costs and so needs time to respond to changing circumstances, and therefore consider it prudent to retain a substantial part of the total target reserves in assets with low risk and high liquidity, whilst seeking to achieve the highest possible return consistent with these constraints.

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	2.0
3	Contingencies, growth and development	Liquid, medium-risk	Cash, gilts, bonds, passive equity funds	2.0
Total target reserves				5.0
Total actual reserves at 31 March 2013				4.6
(Shortfall)/Surplus against target				(0.4)

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

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

Further details of the Library's reserves can be found in Note 11 to the financial statements on pages 17-19 and under Organisational Information on page 27.

REVIEW OF INVESTMENT PERFORMANCE

The Library's portfolio is structured so as to achieve a good income return while protecting capital. The Library's equity and bond investments generated income of £162,047 for a blended yield of 3.5% and a net capital gain of £332,535 or about 7%, which the Trustees consider a satisfactory result. Interest income added a further £86,662 including internal interest of £28,113 at a rate of 3.3% on temporary financing for the Development Project. Rental income from the Library's investment properties totalled £54,850, but these properties are integral to the rest of the Library's buildings and no separate valuation is available so a specific yield cannot be derived.

Towards the end of the year the Trustees initiated a review of investment strategy, with a view to appointing an external manager for the endowment funds (or those similar in character) while continuing to hold the reserves in cash and passive fixed-interest investments. This will be taken forward in 2013-2014.

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 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 Patron, Vice-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 standing committees now in place are the Building Project Steering Committee, the Finance Committee, the Nominations Committee, the Remuneration & Appraisal Committee and the Development Committee, which replaced the Revenue Committee and took on a wider remit. The Risk & Governance Committee was disbanded in November 2012 and its responsibilities reallocated as appropriate to other committees or the full committee of Trustees.

During the year the Trustees undertook a review of governance arrangements and made certain changes to the committee structure, but the main conclusion of the review was that the continuity of institutional knowledge within the Trustee body might benefit from a lengthening of the Trustees' term of office. This is defined within the Byelaws and any changes require the approval of the Privy Council as well as the membership. Accordingly the Trustees convened a specialist Byelaws Committee in addition to the standing committees referred to above, to draft the proposed amendments and seek approval. Subject to the agreement of the Privy Council the Library will convene an Extraordinary General Meeting immediately after its 2013 Annual General Meeting to present the proposal to the members.

Trustees other than the Chairman and Treasurer currently 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 volunteer 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

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of record, including the minutes of meetings for the past year and recent policy and strategy papers. Introductory meetings are held with key members of staff, and support is available from the Chairman, Treasurer and other Trustees.

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

The Library has a subsidiary charity, The London Library Trust, which was established in 1952 in order to assist the Library in the achievement of its charitable objectives. Following a review of its structure and role the previous year, the Trust granted its assets to the Library in April 2012 and the Library as corporate trustee replaced the previous individual trustees.

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

The Library's specialist committees include members who are not current Trustees (although some are former Trustees). The Trustees are grateful to the following for the valuable services they provided in that capacity during 2012-2013: Kevin Murphy (Building Project Steering Committee), Graeme Cottam and Sir Nicholas Underhill (Byelaws Committee), Jocelyn Ridley (Nominations Committee). Thanks are also due to those who served as trustees of the Staff Superannuation Fund during the year: Inez Lynn, Bridie Macmahon, Rosemary Morgan, Alan Saunders, Colin Stevenson and Richard Templeton.

RISK MANAGEMENT

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

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

As noted in the 2011-2012 Annual Report, in August 2011 the Library suffered serious flood damage in the back basement when a joint between two sections of pipework failed suddenly early on a Monday morning, allowing mains water to pour into the area. Subsequent examination of the joint by a forensic engineer suggested that it had been connected incorrectly by the contractor responsible. Our emergency response team responded efficiently but because the incident was not detected until the first members of staff arrived at 7.30am they were unable to prevent books on the lower shelves becoming waterlogged, and over 3,000 volumes had to be sent off-site for freeze-drying. Return of the books to the Library was not completed until May 2012 and assessing the need for further repairs or replacement placed a considerable strain on in-house staff resources for more than six months thereafter. The Library's losses have been fully met by an insurance claim, and its insurers in turn are anticipating recovery from the contractor's policy so the incident is not expected to impair the Library's risk rating and drive up future premium rates. In order to reduce the potential damage from any future incident of this kind a flood-detection system has been installed to protect key areas of the basement.

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.

Approved by the Trustees on 16 July 2013 and signed on their behalf by

Bill Emmott
CHAIRMAN

Mark Storey
TREASURER

Inez T P A Lynn
LIBRARIAN

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

We have audited the financial statements of The London Library for the year ended 31 March 2013 which are set out on pages 10 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 charity's affairs as at 31 March 2013 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Moore Stephens LLP

Statutory Auditor

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

150 Aldersgate Street
London EC1A 4AB

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2013

		Unrestricted funds 2013	Restricted funds 2013	Endowment funds 2013	Total funds 2013	Total funds 2012
	Note	£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
– voluntary income	2	659,634	677,326	270,000	1,606,960	1,797,558
– activities for generating funds	3	7,685	-	-	7,685	13,335
– investment income	4	221,508	32,317	49,734	303,559	266,947
Incoming resources from charitable activities	5	2,496,969	-	-	2,496,969	2,575,253
TOTAL INCOMING RESOURCES		3,385,796	709,643	319,734	4,415,173	4,653,093
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income		114,292	178,553	-	292,845	235,430
Investment management fees		1,638	-	-	1,638	2,007
Charitable activities		2,988,342	34,806	49,734	3,072,882	2,936,849
Governance costs		16,586	-	-	16,586	21,144
TOTAL RESOURCES EXPENDED	6	3,120,858	213,359	49,734	3,383,951	3,195,430
NET INCOMING RESOURCES BEFORE TRANSFERS		264,938	496,284	270,000	1,031,222	1,457,663
Transfer between funds	11	429,712	(429,712)	-	-	-
NET INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS & LOSSES		694,650	66,572	270,000	1,031,222	1,457,663
Gains/(losses) on investment assets	8	215,739	(6,559)	123,355	332,535	28,511
Actuarial (losses)/gains on defined benefit pension scheme	12	(195,000)	-	-	(195,000)	(1,071,000)
Net movements in funds		715,389	60,013	393,355	1,168,757	415,174
Funds at start of year						
Original		24,593,850	1,624,864	-	26,218,714	25,803,540
Prior Year Adjustment		(428,174)	(1,008,529)	1,436,703	-	-
Restated	11	24,165,676	616,335	1,436,703	26,218,714	25,803,540
Funds at end of year	11	24,881,065	676,348	1,830,058	27,387,471	26,218,714

BALANCE SHEETS AS AT 31 MARCH 2013

		Group		Library	
	Note	31 March 2013	31 March 2012 <i>re-stated</i>	31 March 2013	31 March 2012 <i>re-stated</i>
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	7	21,791,406	21,690,294	21,791,406	21,690,294
Fixed asset investments	8	5,017,701	4,187,507	5,017,701	3,520,962
TOTAL FIXED ASSETS		26,809,107	25,877,801	26,809,107	25,211,256
CURRENT ASSETS					
Debtors and prepayments	9	755,275	704,210	755,275	786,849
Bank balances and cash in hand		2,700,636	2,429,385	2,700,636	2,429,135
		3,455,911	3,133,595	3,455,911	3,215,984
CURRENT LIABILITIES					
Creditors and accrued charges: amounts due within one year	10	(1,006,547)	(977,682)	(1,006,547)	(977,682)
NET CURRENT ASSETS		2,449,364	2,155,913	2,449,364	2,238,302
NET ASSETS excluding pensions liability		29,258,471	28,033,714	29,258,471	27,449,558
Pensions liability		(1,871,000)	(1,815,000)	(1,871,000)	(1,815,000)
TOTAL NET ASSETS		27,387,471	26,218,714	27,387,471	25,634,558
Representing					
UNRESTRICTED FUNDS excluding pension liability	11	26,752,065	25,980,676	26,752,065	25,980,676
Pensions reserve	12	(1,871,000)	(1,815,000)	(1,871,000)	(1,815,000)
Total unrestricted funds		24,881,065	24,165,676	24,881,065	24,165,676
RESTRICTED INCOME FUNDS	11	676,348	616,335	676,348	32,179
ENDOWMENT FUNDS	11	1,830,058	1,436,703	1,830,058	1,436,703
TOTAL CHARITY FUNDS		27,387,471	26,218,714	27,387,471	25,634,558

Approved by the Trustees on 16 July 2013 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 2013

	2013	2013	2012	2012
	£	£	£	£
Operating cash flows				
Net incoming resources		1,031,222		1,457,663
Investment income		(303,559)		(266,947)
Depreciation		44,950		47,370
(Increase)/decrease in debtors		(51,065)		(62,886)
Increase/(decrease) in creditors		28,865		(27,572)
FRS17 pension adjustment		(139,000)		(173,000)
		<hr/>		<hr/>
Net cash inflow from operating activities		611,413		974,628
Returns on investments				
Dividends received	162,047		138,570	
Interest received	86,662		80,477	
Rent received	54,850		47,900	
	<hr/>		<hr/>	
Net cash inflow from returns on investments		303,559		266,947
Capital expenditure and net expenditure on investments				
Purchase of tangible fixed assets	(146,062)		(51,559)	
Sale of investments	918,121		-	
Purchase of investments	(1,415,780)		(1,299,442)	
	<hr/>		<hr/>	
Net cash outflow on capital expenditure and net expenditure on investments		(643,721)		(1,351,001)
		<hr/>		<hr/>
increase/(decrease) in cash in year		271,251		(109,426)
Cash balances at start of year		2,429,385		2,538,811
		<hr/>		<hr/>
Cash balances at end of year		2,700,636		2,429,385
		<hr/>		<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Consolidation

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

(c) Income

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

(d) Fixed asset investments

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

(e) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation.

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

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

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

(f) Pensions

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

(g) Stock of books

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

(h) Allocation of expenditure

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

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2 VOLUNTARY INCOME

	2013 £	2012 £
<i>Unrestricted funds</i>		
Donations	310,754	349,812
Legacies	348,880	50,750
Subtotal unrestricted	<u>659,634</u>	<u>400,562</u>
<i>Restricted funds</i>		
Donations to the Development Appeal Fund	670,654	1,378,609
Donations and legacies for supported membership	6,382	3,418
Other restricted donations and legacies	290	14,969
Subtotal restricted	<u>677,326</u>	<u>1,396,996</u>
<i>Endowment funds</i>		
Donations for endowments	270,000	-
Subtotal endowment	<u>270,000</u>	<u>-</u>
Total voluntary income	<u>1,606,960</u>	<u>1,797,558</u>

3 ACTIVITIES FOR GENERATING FUNDS

	2013 £	2012 £
Events and venue hire	3,969	8,925
Merchandising sales	3,716	4,410
Total income from activities for generating funds	<u>7,685</u>	<u>13,335</u>

4 INVESTMENT INCOME

	2013 £	2012 £
<i>Income from listed investments</i>		
UK	84,411	64,977
Outside UK	77,636	73,593
Total income from listed investments	<u>162,047</u>	<u>138,570</u>
Interest from deposits	86,662	80,477
Total income from investment portfolio	<u>248,709</u>	<u>219,047</u>
Income from property	54,850	47,900
Total investment income	<u>303,559</u>	<u>266,947</u>

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2013 £	2012 £
Annual membership fees	2,362,090	2,445,428
Life membership fees	127,357	123,845
Temporary overseas membership fees	1,125	1,325
Reference ticket fees	2,355	4,655
Inter-Library loan fees	4,042	-
Total incoming resources from charitable activities	<u>2,496,969</u>	<u>2,575,253</u>

6 RESOURCES EXPENDED

6.1 Cost of generating funds	2013	2013	2013	2012	2012	2012
	Staff costs £	Other costs £	Total £	Staff costs £	Other costs £	Total £
Fundraising	222,403	70,442	292,845	141,930	93,500	235,430
Investment management fees	-	1,638	1,638	-	2,007	2,007
Total cost of generating funds	222,403	72,080	294,483	141,930	95,507	237,437
6.2 Resources expended on charitable activities						
Buildings and						
Facilities Management	155,151	432,003	587,154	159,639	410,323	569,962
Reader Services	432,816	-	432,816	451,368	-	451,368
Bibliographic Services	310,886	2,670	313,556	276,007	2,781	278,788
Books, periodicals and online subscriptions	157,053	306,419	463,472	152,015	298,477	450,492
Binding, preservation and Stack Management	191,715	102,544	294,259	172,994	95,658	268,652
Information Technology	90,535	105,582	196,117	88,922	94,595	183,517
Administration	351,731	68,413	420,144	329,266	56,125	385,391
Membership	223,680	107,278	330,958	203,510	78,112	281,622
Development Project	-	34,406	34,406	-	67,057	67,057
Resources expended on charitable activities	1,913,567	1,159,315	3,072,882	1,833,721	1,103,128	2,936,849
6.3 Governance Costs						
Audit fee	-	11,626	11,626	-	12,636	12,636
Legal & other professional costs	-	4,960	4,960	-	8,508	8,508
Total Governance Costs	-	16,586	16,586	-	21,144	21,144
TOTAL RESOURCES EXPENDED	2,135,970	1,247,981	3,383,951	1,975,651	1,219,779	3,195,430

7 TANGIBLE FIXED ASSETS

(Group and Library)

	Freehold Property £	Information Technology £	Total £
Cost			
At 1 April 2012	21,585,342	400,920	21,986,262
Additions	117,020	29,042	146,062
Disposals	-	-	-
At 31 March 2013	21,702,362	429,962	22,132,324

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7 TANGIBLE FIXED ASSETS continued

	Freehold Property	Information Technology	Total
	£	£	£
Depreciation			
At 1 April 2012	-	295,968	295,968
Charge for the year	-	44,950	44,950
Disposals	-	-	-
At 31 March 2013	-	340,918	340,918
Net book values			
At 1 April 2012	21,585,342	104,952	21,690,294
At 31 March 2013	21,702,362	89,044	21,791,406

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	
	2013	2012	2013	2012
	£	£	£	£
Market value at beginning of period	4,187,507	2,859,554	3,520,962	2,189,776
Intra-group transfers	-	-	666,545	-
Proceeds of sale	(918,121)	-	(918,121)	-
Cost of purchases	1,415,780	1,299,442	1,415,780	1,299,442
Revaluation gains/(losses)	332,535	28,511	332,535	31,744
Market value at end of year	5,017,701	4,187,507	5,017,701	3,520,962

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	
	2013	2012	2013	2012
	£	£	£	£
Listed investments:				
UK	2,854,253	2,428,658	2,854,253	1,762,113
Outside UK	2,163,448	1,758,849	2,163,448	1,758,849
Total	5,017,701	4,187,507	5,017,701	3,520,962

9 DEBTORS

	Group		Library	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	103,669	108,142	103,669	108,142
Amounts due from The London Library Trust	-	-	-	82,639
Other debtors	143,801	110,831	143,801	110,831
Prepayments and accrued income	507,805	485,237	507,805	485,237
Total	755,275	704,210	755,275	786,849

10 CREDITORS

Amounts due within one year:

	Group & Library 2013 £	Group & Library 2012 £
Trade creditors	160,138	162,354
Other creditors	92,723	85,747
Accruals and deferred income	753,686	729,581
Total	1,006,547	977,682

11 ANALYSIS OF FUNDS

	B/fwd 01 April 12 £	Income 2013 £	Expenditure 2013 £	Revaluations 2013 £	Transfers 2013 £	C/fwd 31 March 13 £
UNRESTRICTED FUNDS						
Tangible fixed assets	21,690,294	-	(44,950)	-	146,063	21,791,406
Designated funds						
Building Project	-	280,000	-	-	-	280,000
Retro Cataloguing	-	50,000	-	-	(22,042)	27,958
Total designated funds	-	330,000	-	-	(22,042)	307,958
Reserves						
Original	4,718,556					
Prior Year Adjustment	(428,174)					
Re-stated	4,290,382	3,055,796	(3,214,908)	215,739	305,691	4,652,700
Subtotal Operating Fund	25,980,676	3,385,796	(3,259,858)	215,739	429,712	26,752,065
Pension reserve	(1,815,000)	-	139,000	(195,000)	-	(1,871,000)
Total unrestricted funds	24,165,676	3,385,796	(3,120,858)	20,739	429,712	24,881,065
RESTRICTED FUNDS						
The London Library						
Development Appeal Fund	-	670,904	(212,959)	-	(357,696)	100,249
The London Library Trust	-	33,376	-	(12,451)	518,361	539,286
Supported memberships	-	5,073	-	-	(5,073)	-
Staff Benefit Fund	31,179	-	(400)	5,892	-	36,671
Other restricted funds	1,000	290	-	-	(1,148)	142
Subtotal London Library	32,179	709,643	(213,359)	(6,559)	154,444	676,348
Subsidiary trusts						
The London Library Trust	584,156	-	-	-	(584,156)	-
Total restricted funds	616,335	709,643	(213,359)	(6,559)	(429,712)	676,348

11 ANALYSIS OF FUNDS continued

	B/fwd 01 April 12	Income 2013	Expenditure 2013	Revaluations 2013	Transfers 2013	C/fwd 31 March 13
	£	£	£	£	£	£
ENDOWMENT FUNDS						
Drue Heinz Literary Fund <i>(Reclassified from Restricted Funds)</i>						
Original	1,008,529					
Prior Year Adjustment	428,174					
Re-stated	1,436,703	49,734	(49,734)	112,760	-	1,549,463
Jacqueline Golden Endowment	-	270,000	-	10,595	-	280,595
Total endowment funds	1,436,703	319,734	(49,734)	123,355	-	1,830,058
Total funds	26,218,714	4,415,173	(3,383,951)	137,535	-	27,387,471
Summary						
The London Library	25,634,558	4,415,173	(3,383,951)	137,535	584,156	27,387,471
Subsidiary trusts	584,156	-	-	-	(584,156)	-
Group total	26,218,714	4,415,173	(3,383,951)	137,535	-	27,387,471

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 2013 the fund's cumulative income had been fully expended with the exception of a £100,000 grant and the interest earned thereon, which are set aside for works under Phase 3A scheduled for summer 2013. Pledges are also in place either as amounts set aside for future works or deferred contributions to costs already incurred. The balance of development expenditure incurred pending receipt of pledged income has been borne by the Operating Fund.

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

Other restricted funds within The London Library comprise grants, donations and legacies received for specific purposes, of which supported membership is among the most important. Funds held within The London Library Trust (LLT) are restricted for the provision of Carlyle memberships, a particular category of supported membership. In April 2012 the funds of LLT were transferred to the Library by a written resolution of the LLT trustees and the latter then stepped down in favour of the Library which became the new sole trustee. Funds were also received during the year in response to an appeal for supported memberships more generally, and fully applied for that purpose.

Endowment Funds

The Drue Heinz Literary Fund comprises gifts made by the Drue Heinz Foundation to yield investment income which meets the cost of many of the Library's book purchases. This was previously classified as a restricted income fund but the Trustees now believe it should more properly be described as an expendable endowment, and it has been reclassified accordingly in these accounts. At the same time the cumulative investment returns attributable to the fund have been reallocated from the general investment pool and the prior year comparatives re-stated accordingly.

A donation of £250,000 was received during the year from Lewis Golden, a distinguished former Treasurer and Chairman of the Library, to create a permanent endowment in memory of his late wife Jacqueline. This was supplemented by an anonymous endowment donation of £20,000. This new endowment generated income of some £4,500 which is available for the general purposes of the Library and is therefore included within unrestricted funds.

Analysis of net assets between funds

	Unrestricted 2013 £	Restricted 2013 £	Endowment 2013 £	Total 2013 £
Tangible fixed assets	21,791,406	-	-	21,791,406
Fixed asset investments	2,490,448	697,195	1,830,058	5,017,701
Debtors and prepayments	755,275	-	-	755,275
Bank balances and cash in hand	2,600,210	100,426	-	2,700,636
Creditors and accrued charges: due within one year	(885,274)	(121,273)	-	(1,006,547)
Pension liability	(1,871,000)	-	-	(1,871,000)
Total net assets	24,881,065	676,348	1,830,058	27,387,471

12 PENSION ARRANGEMENTS

(a) Group Personal Pension Plan (GPPP)

The Group Personal Pension Plan is provided by Scottish Widows and commenced on 1 April 2011 when the Library's defined benefit scheme closed to further accrual. Costs for the year ended 31 March 2013 totalled £52,949 (2012: £53,580).

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

The SSF is a defined benefits scheme established under a definitive trust deed, which closed to new entrants and to further accrual on 1 April 2011. The assets of the scheme are held independently from those of the Library, and are vested in six named trustees, including two nominated by scheme members.

In the year ended 31 March 2013, the contribution by the Library was £185,650 (2012: £180,250), 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 2014 is £191,200.

A valuation of the Fund has been prepared as at 31 March 2013 in accordance with the Financial Reporting Standards 17 "Retirement Benefits" (FRS17). The major assumptions used are as follows:

	2013	2012
Discount rate	4.3% per annum	4.7% per annum
Price inflation (RPI)	3.6% per annum	3.5% per annum
Price inflation (CPI)	2.6% per annum	2.5% per annum
Increases to pensionable pay	N/A	N/A
Increases to pensions in payment:		
– Limited Price Indexation (5%)	3.3% per annum	3.1% per annum
– Limited Price Indexation (2.5%)	2.1% per annum	2.1% per annum
Increases to pensions in deferment (employed members):		
– Non-GMP earned before 6/4/2009	3.6% per annum	3.5% per annum
– Non-GMP earned after 6/4/2009	2.5% per annum	2.5% per annum
– GMP	Fixed rates	Fixed rates
Increases to pensions in deferment (deferred pensioner members):		
– Non-GMP earned before 6/4/2009	2.6% per annum	2.5% per annum
– Non-GMP earned after 6/4/2009	2.5% per annum	2.5% per annum
– GMP	Fixed rates	Fixed rates

12 PENSION ARRANGEMENTS continued

Mortality		
– Before retirement	No allowance	No allowance
– After retirement	SIPFA/SIPMA year of birth tables with CMI_2012 projections and a 1% pa long-term rate of improvement	SIPFA/SIPMA year of birth tables with CMI_2011 projections and a 1% pa long-term rate of improvement
Commutation	100% of members commute 25% of their pension at current rates	100% of members commute 25% of their pension at current rates
Expected return on assets	4.9% per annum	5.3% per annum

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

	2013			2012		
	£	% weight	% return	£	% weight	% return
Equities	3,212,000	49.8%	6.3	2,955,000	51.0%	6.6
Alternatives	336,000	5.2%	6.3	291,000	5.0%	6.6
Government Bonds	1,922,000	29.8%	2.8	1,656,000	28.6%	3.1
Corporate Bonds	942,000	14.6%	4.3	861,000	14.9%	4.7
Cash/other	35,000	0.5%	0.5	34,000	0.6%	0.5
Total	6,447,000	100.0%	4.9	5,797,000	100.0%	5.3
Actuarial liability	(8,318,000)			(7,612,000)		
Deficit in the fund	(1,871,000)			(1,815,000)		

The overall expected return on the Fund's assets for the year commencing 1 April 2013 (net of investment expenses) is 4.9% (2012: 5.3%). This has been derived as the weighted average of the individual expected rates of return on each major category of assets.

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

	2013	2012
	£	£
Interest on pension scheme liabilities	351,000	352,000
Expected return on pension scheme assets	(304,000)	(345,000)
Total net expense/(income) recognised	47,000	7,000

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

	2013	2012
	£	£
Actuarial gain/(loss) on assets	456,000	(113,000)
Actuarial gain/(loss) on liabilities due to experience	86,000	(104,000)
Actuarial (loss)/gain on liabilities due to assumption changes	(737,000)	(854,000)
Actuarial (loss)/gain for the year	(195,000)	(1,071,000)
Cumulative actuarial (loss)/gain	(2,276,000)	(2,081,000)

Changes in the present value of liabilities during the year:

	2013 £	2012 £
Liabilities at start of year	7,612,000	6,491,000
Interest cost	351,000	352,000
Actuarial (gain)/loss on liabilities due to experience	(86,000)	104,000
Actuarial loss/(gain) on liabilities due to assumption changes	737,000	854,000
Benefits paid	(296,000)	(189,000)
Liabilities at end of year	8,318,000	7,612,000

Changes in the fair value of assets during the year:

	2013 £	2012 £
Fair value of assets at start of year	5,797,000	5,574,000
Expected return on assets	304,000	345,000
Actuarial gain/(loss) on assets	456,000	(113,000)
Contributions by employer	186,000	180,000
Benefits paid (including expenses)	(296,000)	(189,000)
Fair value of assets at end of year	6,447,000	5,797,000
Actual return on assets	760,000	232,000

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:	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of liabilities	(8,318)	(7,612)	(6,491)	(6,707)	(5,459)
Fair value of assets	6,447	5,797	5,574	4,990	3,602
(Deficit)/Surplus	(1,871)	(1,815)	(917)	(1,717)	(1,857)
Year ended 31 March:	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Experience gain/(loss) on liabilities	86	(104)	238	349	(97)
Experience gain/(loss) on assets	456	(113)	41	976	(1,046)

13 TRANSACTIONS WITH TRUSTEES

Trustees received no remuneration in connection with their trusteeship (2012: £Nil). One trustee received reimbursement of £116 for out of pocket expenses incurred in connection with Library business (2012: £100).

14 STAFF COSTS

	2013	2012
	£	£
Staff costs comprise:		
Gross salaries and wages	1,809,682	1,688,960
National Insurance	173,365	167,092
Pension cost/(credit)	152,923	119,599
Total	2,135,970	1,975,651

In addition to the above, expenditure totalling £33,572 (2012: £25,119) on staff training and related consultancy is included within other costs under Administration in Note 6 to these financial statements.

15 EMPLOYEES

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

	2013	2012
Buildings and Facilities Management	4	6
Reader Services	15	14
Bibliographic Services	8	8
Books, periodicals and online subscriptions	4	4
Binding, preservation and Stack Management	7	5
Information Technology	2	2
Administration and Finance	6	6
Membership	8	7
Fundraising	6	4
Total	60	56

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

	2013	2012
Range £60,000 - £70,000		
Number of employees	1	1
Employer's contributions under Group Personal Pension Plan	£4,294	£4,230

The Trustees thank the following supporters, and our anonymous donors, for their generous contributions to the London Library received during the year ended 31 March 2013

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Folio

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ENDOWMENT FUND

During the year the Library received a generous donation from Lewis Golden, a distinguished former Treasurer and Chairman, to create an endowment in memory of his late wife Jacqueline. This was supplemented by a donation from another donor who wishes to remain anonymous.

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GENERAL FUNDS

Barbara Minto

LEGACIES

The Library received bequests from the following deceased members and friends to whom the trustees are most grateful:

Betty Kathleen D'Alton
 The J P W Erhman Charitable Trust
 George Girling Grange
 Annie Gwendolen Hinde
 Sir Patrick Leigh-Fermor
 Rosemary Norah Leach
 John French Slater
 Rosemary Hildegard Syfret
 Charity Frances Thorpe
 Thomas Christopher Benjamin Timmin

A substantial grant was also received from the trustees of the Mrs R M Chambers Settlement.

ROYALTIES

The literary estates of 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:

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 Professor Jeremy Adler
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26 • DONATIONS AND BEQUESTS

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Dr Christopher J Wright
The Writers' Guild of Great Britain
Andrea Wulf
Norman Wyke

TEN-YEAR FINANCIAL SUMMARIES

Unrestricted funds only

¹ Year	Membership income £	Investment income £	Other income £	Library expenses £	Net surplus/ (deficit) £
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
2012	2,575,253	241,450	413,897	2,953,278	277,322
⁶ 2013	2,496,969	221,508	667,319	3,120,858	264,938

¹ Until 2004 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

⁶ £49,734 investment income and expenditure reallocated to endowment funds

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	Designated funds £000	Total unrestricted £000	Restricted funds £000	Endowment funds £000	Total funds £000
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
2009	3,535	(1,857)	1,678	15,303		16,981	3,089		20,070
³ 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
⁴ 2012	4,291	(1,815)	2,476	21,690		24,166	616	1,437	26,219
2013	4,653	(1,871)	2,782	21,791	308	24,881	676	1,830	27,387

¹ Until 2004 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 2010 figures re-stated on consolidated basis including The London Library Trust

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

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.

28 • ORGANISATIONAL INFORMATION

MEMBERSHIP AT YEAR-END

	Numbers at 31 March	
	2013	2012
Ordinary members	4,580	4,669
Spouse/partner members	259	236
Young Person members	399	385
Supported members (Trust/Byelaw 9)	391	373
Institutional members	148	138
Subtotal annual members	5,777	5,801
Life members	1,370	1,354
Total	7,147	7,155

TEN-YEAR SUMMARY OF MEMBERSHIP

Year	MEMBERS			
	Number at year-end	New members during year ¹	Withdrawals during year	Increase/ (Decrease)
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
2012	7,155	850	(832)	18
2013	7,147	821	(829)	(8)
Average	7,464	642	(746)	(104)

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)
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
2012	298,477	21,909	9,716	1,593	85,360	(325)
2013	306,419	7,942	8,956	(760)	82,861	(2,499)

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

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:

Bethany McNaboe

DEVELOPMENT MANAGER

T +44 (020) 7766 4750

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