

THE
LONDON
LIBRARY

2019 2020

Annual Report and Accounts 2019-2020

Royal Patron and Honorary Officers

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Her Majesty The Queen

Vice-Patron

HRH The Duchess of Cornwall GCVO

President

Sir Tim Rice

Vice-Presidents

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The Rt Hon the Lord Boateng

The Duke of Devonshire KCVO CBE

Lady Antonia Fraser CH DBE

Caroline Michel

Jeremy Paxman

Josie Rourke

Alexandra Shulman CBE

Sir Tom Stoppard OM CBE

Chairman of the Trustees

Sir Howard Davies

Treasurer

Philip Broadley

Director

Philip Marshall

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

TRUSTEES – Trustees and senior staff were in office from 01 April 2019 until 29 July 2020 unless shown otherwise

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

Chairman

Sir Howard Davies (2,4)

Treasurer

Philip Broadley (2,5)

Other Trustees

Isabelle Dupuy (4,5,7)

Will Harris (2,6)

Philip Hook (2,3,4) (retired 4 November 2019)

Anthony McGrath (5,6)

Sophie Murray (1,6)

David Reade QC (6,7)

Rick Stroud (1,3,4)

Alain Aubry (3,4) (joined 4 November 2019)

Daisy Goodwin (3,4)

Elizabeth Herridge (3,4,5) (retired 4 November 2019)

David Lough (4,5)

Giles Milton (1,3,6)

Sir Andrew Popplewell (1)

Peter Stewart (1,2)

Sara Wheeler (2,6,7)

SENIOR STAFF

Executive Team

Director (Chief Executive)

Director of Collections and Library Services

Finance Director

Finance Director

Development Director

Membership Director

Philip Marshall LLB (Hons) MBA

Matthew Brooke BA (Hons) MA

Peter Hyde MSci (Hons) FCA DChA (left 6 September 2019)

Michael Clayton CPA (from 16 September 2019)

Philip Spedding BComm (left 3 April 2020)

Felicity Nelson BA (Hons) MSc

Heads of Department

Building & Facilities Manager

Head of Acquisitions

Head of Bibliographic Services

Head of Collection Care

Head of Communications

Head of Development (Fundraising)

Head of IT

Head of Member Services

Jeremy Cox BSc (Hons)

Gill Turner MA (Hons) MA MCLIP

Dunia García-Ontiveros BA (Hons) MA MCLIP (left 29 October 2019)

Kate Sloss BA (Hons) PGDip

Julian Lloyd BA (Hons) MSc

Anna Clark BA (Hons)

Will David BA (Hons) MA MSc (left 27 August 2019)

Amanda Stebbings BA (Hons) MLib MCLIP

ADVISERS

Bankers

Barclays Bank plc

1 Churchill Place, London E14 5HP

Solicitors

Bates Wells & Braithwaite LLP

10 Queen Street Place, London EC4R 1BE

Auditors

MHA MacIntyre Hudson

6th floor, 2 London Wall Place, London, EC2Y 5AU

Pension consultants

Broadstone Limited

55 Baker Street, Marylebone, London W1U 8EW

Investment Managers

Newton Investment Management

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

BlackRock

12 Throgmorton Avenue,
London EC2N 2DL

Key to Committees:

1 Buildings and Facilities Committee

2 Chairs Committee

3 Collections Committee

4 Development Committee

5 Finance Committee

6 Membership Committee

7 Nominations Committee



2019-20 has proved to be a remarkable year with the world's attention inevitably focused on the emerging coronavirus pandemic. The Library has not been unaffected but we can reflect on a year in which we have made good progress towards our goals of growing membership and reducing our operating deficit – both core objectives in our strategy to secure longer term financial stability.

It has been particularly encouraging to see almost continuous month on month membership growth – the first time this has been achieved in at least two decades. We ended the year with 5.4% more members than we began – and have been pleased to see young members accounting for 30% of new memberships.

Throughout the year we have received generous support from donors – vital for an organisation that receives no regular public funding and is reliant on its own fundraising efforts and membership subscriptions. Among the fundraising highlights this year were a highly successful Gala Dinner in November which raised over £50k for our Emerging Writers Programme, and members have again given generously to our Annual Fund, enabling us to carry out much needed repairs and refurbishment to the washroom facilities near the Reading Room. A number of members have also been kind enough to remember the Library in their wills and the legacies they have left have provided significant support for our work this year. We are grateful to all of them for their generosity.

We recognise that there is still a great deal to do for the Library to achieve long-term financial sustainability so our aim must be to increase our philanthropic income substantially, but the results achieved this year represent encouraging progress that we will look to build on.

Any review of 2019-20 will be coloured by the dramatic way it ended as the enormous social and economic impacts of the coronavirus pandemic began to be felt globally. In mid-March, the Library was forced to close its building as part of the nationwide lockdown restrictions. But we have responded to the immediate impacts with considerable resilience. Our teams immediately began to deliver core services working from home and our eLibrary and expanded postal loans services provided sustained access to the collection. Members have been continuously generous in their support and encouragement throughout the lockdown. It is with the greatest of pleasure that we reopened our building on 6th July 2020, giving us renewed optimism that we can build on the very considerable progress we have made this year.

Elizabeth Herridge and Philip Hook resigned as Trustees after many years' service as Board members, we are very grateful for the contribution they have made. During the year, Alain Aubry joined as a Trustee, beginning his appointment in November 2019, and we are delighted to welcome him.

Howard Davies



As I write this introduction shortly after the July reopening of our building, it has been wonderful to welcome so many members back into the Library and we look forward to the time when the Library can be enjoyed without the necessary safety restrictions in place.

While our building was closed during lockdown, great efforts were made to ensure our members could continue to use our collection. Our staff walked or cycled to work to operate a postal loans service, buoyed by the many kind messages of thanks and support from members. It was a powerful reminder of the sense of community that helps make the Library such a special place.

The full effects of the virus on the Library are yet to be seen and will undoubtedly be reported in future annual reports. Up until the building closure in mid-March, we had had a tremendously successful year. The very substantial growth in membership reflected our ongoing efforts to raise the Library's profile. The Library is uniquely positioned to provide inspiration and support to readers and writers of all kinds and we are determined to keep widening its reach. During the year, we launched two new types of membership: Remote Access and Associate Membership, which have both proved to be popular. We were also pleased to raise the age limit for Young Persons Membership – reinforcing already strong growth in the number of young people joining the Library – and grow our Schools Partnership Programme.

The Library has continued to extend its reputation as a centre of creativity and ideas. Our events programme has been significantly expanded this year featuring regular events with leading writers and thinkers; we have again ventured into theatre, this year partnering with Creation Theatre to stage an innovative production of *The Time Machine*, based on the novel by London Library life member HG Wells. We also launched our new podcast series, featuring discussions with well-known literary figures.

Meanwhile, our work to support writers has gone from strength to strength. Our Emerging Writers Programme has been expanded and we are helping support new writing by black writers as part of Jacaranda's Twenty in 2020 initiative.

At the centre of the Library's appeal is its extraordinary collection. We have continued to invest in our print and online collections alongside planning for its future development in the context of increasing space constraints. We have welcomed members' input on these difficult strategic decisions.

In these strange and uncertain times, the year ahead will undoubtedly be challenging. However, we are extremely grateful to all our new and existing members for continuing to support the Library, whether through renewing subscriptions, donating, or helping raise the Library's profile. With their help, the Library will continue to offer, as EM Forster put it back in 1941, "a reminder of sanity and a promise of sanity to come."

Philip Marshall

PODCASTS

The London Library Podcast series was launched in November and each month a leading writer or figure in the cultural world has discussed the books that have influenced them. The podcasts are available as downloads on most podcast platforms and the growing podcast library is available on our website. Guests featured during 2019-20 were writers Hallie Rubenhold and Harriet Evans, actor Neil Pearson, publisher Valerie Brandes and Dhaka Festival Director Ahsan Akbar. Musician Jarvis Cocker and Rough Trade Founder Nigel House were among the guests recording podcasts this year ready to be launched in 2020-21. The series showcases the collection through the guests' choices and widens the reach of the Library through listenership.

EVENTS

Our events programme has gone from strength to strength. First begun in 2018, the events series incorporates regular events in the Reading Room and external venues through our partnership with The Bloomsbury Institute, Henley Literary Festival and Jewish Book Week. Events during 2019-20 included Ayisha Malik and Candice Carty-Williams, Max Porter, Hallie Rubenhold, Kavita Puri and Max Hastings. We partnered again with Creation Theatre to host their production of a reimagining of *The Time Machine*. The production and the Library's links with HG Wells received widespread coverage in national and trade media.

SUPPORTING WRITERS

The first London Library Emerging Writers programme opened for applications in January 2019 and received over 600. The cohort of 38 writers began their programme in May which included a year's Library membership, research, author and industry panels, three masterclasses and peer support groups. The second year's applications opened in January 2020 and over 800 applications were received.

The Library is delighted to be supporting independent publisher Jacaranda with its campaign to publish 20 Black British authors

in 2020. The partnership with publisher Jacaranda was established in July 2019 with all of the authors in its Twenty in 2020 programme given membership to support them as they approach publication. A launch event was held in 2019 and a series of events featuring talks with the authors is happening in 2020.

DEVELOPING THE COLLECTION

The collection is the most vital part of the Library's attraction and we have continued to invest in its development, adding new material that helps strengthen and update key subject areas. 4,733 new books were acquired during the year. We gratefully received a donation of a complete series of the 18th century publication *The Remembrancer* – ours had been destroyed in a World War II bombing raid. And we have also made major additions to our already extensive online resources including, by generous member donation, the Cambridge Edition of the works of Ben Jonson.

We took the decision this year to keep book covers on new books added to the shelves as we recognise their importance in browsing and choosing books.

FUNDRAISING

In November 2019 we held a fundraising Gala Dinner raising over £50,000 from ticket sales, donations and an auction. We are grateful to all of those who bought tables, donated and attended. Guests included Ian and Victoria Hislop, David Gilmour, Giles Brandreth, Ian Skelly, Monica Parle and John Sessions. And generous auction lots were provided by Bill Bryson, John Le Carré, Daisy Goodwin, Isabelle Dupuy, Jasper Conran and many more.

This year's Annual Fund was an appeal for the much needed refurbishment of the red staircase toilets in the St James's building. Raising over £65,000 from 461 donations, we are very grateful to members for their extraordinary generosity.

MEMBERSHIP GROWTH

For the first time since records began, the Library recorded 12 months of continuous month on month growth in its membership and membership grew more than four times the previous year. It is particularly pleasing to note that the growth is through both increased acquisition of new members and stronger retention of current members. Most membership categories grew, but there has been particularly encouraging growth in Young Persons Membership. Our new Remote Access and Associate membership tiers, launched in April 2019 have also proved popular adding a greater level of access and flexibility to how people can use the Library and its resources.

MANAGING THE ARCHIVE

An 18-month project began this year to improve the cataloguing, management and storage of the Library's rich institutional archive. The Project Archivist has been able to improve the storage conditions of many of our assets and records, making fascinating discoveries along the way. Early work has already revealed new material including the discovery that Mark Twain was a Library member.

MAGAZINE LAUNCH

Eleven years after the first London Library Magazine we conducted an extensive review of The London Library magazine including research among the Library membership to test new formats. Leading arts organisation publisher CultureShock were selected to publish the magazine which is appearing in an exciting new design three times a year.

The Trustees of The London Library present their report and the audited accounts of the Charity for the year ended 31 March 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS 102) in preparing the Annual Report and accounts of the Charity.

The accounts have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document (Royal Charter), the Charities Act 2011 and Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, published October 2019.

INTRODUCTION

The London Library's charitable object is the advancement of education, learning and knowledge by the provision and maintenance of a Library in London. Founded in 1841, the Library's primary purpose is to provide readers, writers and researchers with the riches of a national library for use in their own homes or workplaces or within its own premises. By acquiring the most important published works in the humanities and arts in each generation and discarding very little 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 by members, with most available for loan. Offering facilities conducive to reading and scholarship, the Library aims to provide a prompt, reliable and courteous service to meet the expectations of users, perpetuating a spirit of willing collaboration between users and its highly qualified and specialist staff.

PUBLIC BENEFIT

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

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

Fees are set in the context of the Library's overall budget and are approved by the members at their Annual General Meeting. The ordinary annual fee for individual full membership is currently £540 (£510 if paid by annual direct debit), or £45 per month, while corporate and charitable bodies pay relatively higher fees and nominate representatives who access the Library's facilities on their behalf. In addition, the Library offers remote and associate memberships at a lower price than full membership, for those that wish to use the collection and the Library's resources either without full access to the building or at off-peak times.

For an institution which strives to be a centre of excellence in its field, the Library's fees are not high in relation to the value of the services it provides and a range of payment options is available. Nevertheless, there are people who need for their researches the range and depth of available material and the generous access that are the Library's hallmark but who are unable to afford the full fees,

particularly as the financial rewards from writing are generally modest and often unreliable. In such cases our subsidiary charity, The London Library Trust, may be able to assist with top-up grants under the Supported Membership scheme. Each grant application is assessed carefully since resources are necessarily limited, but the Library seeks to provide support where there is clear evidence of need. The majority of grants paid represent a fee subsidy of between 30% and 60%. During the financial year 21 new Supported Memberships were awarded (2019: 43) bringing the total number of members in receipt of this fee subsidy at 31 March 2020 to 287 or 4.1% of the total membership (2019: 319 or 4.8% of the total membership). The total amount of such fee subsidies paid in the year was £62,853 (2019: £68,975), representing 2.4% of the Library's total income from annual membership fees (2019: 2.7%).

Young Persons Membership is available to anyone 27 or under at half the ordinary annual rate, and there were 557 members in this category at 31 March 2020, or 8% of the total membership (2019: 448 or 6.8%). Separate charges are made for postal loans and for extra books above the standard allowance, but the annual fees due from each member are not dependent on either the nature or the amount of usage made of the Library's facilities by that member, which can vary considerably. Whilst many of the Library's members are active writers and researchers, there are many others whose usage is more occasional but who see the Library as a cause worth supporting precisely because of its wider public benefits. The Library also puts on a busy programme of speaker and other events where tickets are available for purchase by both members and non-members.

The Library also supports the development of new writing talent through its Emerging Writers Programme, granting up to 40 free annual memberships to those writers selected by its panel of judges. Applications are based on the submission of an example of writing and successful applicants also participate in a 12 month programme of activities to help nurture their writing careers.

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

ACHIEVEMENTS AND PERFORMANCE

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

- 1 Substantially increase awareness of, access to and engagement with the Library (increasing its reach and impact)
- 2 Remove the annual operating deficit by the end of 2022/23 (placing the Library on a sustainable financial footing for future generations)

In order to achieve these goals eight key objectives have been set and progress against these objectives in 2019/20 is set out below.

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

Achievement:

The Library's public profile has been raised through over 100 mentions in media including print and radio interviews and features during the year. Key partnerships and initiatives, such as the Jacaranda Twenty in 2020 and the London Library Emerging Writers Programme have broadened the reach and impact of the Library in 2019/20.

The maximum age for Young Persons Membership was increased from 26 to 27 and there was a 24% increase in Young Persons Membership during the year from 448 to 557. In 2018 the Library started a Trustee placement scheme to add the voices of two young people to board level discussions. The Trustees intend to continue with this scheme.

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

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

Achievement:

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

Two new tiers of membership, Remote Access and Associate, were launched in April 2019 and after the first year make up 2% of the Library's membership. The Remote Access membership in particular allowed new members to access the Library while the building was closed during the national lockdown at the end of 2019/20.

Remote Access membership and the postal loans service to full members have allowed members to retain access to the Library's resources during the period of its enforced closure during the national lockdown.

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

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

Achievement:

Plans continue to be developed for the issue hall, front basement and 6th floor of the central stacks to provide new facilities including additional reader spaces, catered spaces and an area for outreach activities to take place.

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

Achievement:

The Collections Capacity Management Strategy was approved by the Board in July 2019. Work to deliver this strategy has included the removal of some UK government publications, and a series of

Collection Management discussion sessions held with members in January 2020. Lists of foreign government publications for removal have been finalised for action in Summer 2020. Work is also underway to identify an optimal off-site store provider. The Members' Survey carried out in May/June 2020 contained a set of questions to help inform both the ongoing work to deliver the Capacity Management Strategy, and the acquisitions review taking place during 2020.

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

Achievement:

Exceeding the overall revenue fundraising target, the Library held its first fundraising gala raising money to support the Library and the Emerging Writers' Programme.

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

Achievement:

Planning is at an advanced stage for the launch of the capital fundraising campaign and further consideration is being given to an endowment campaign.

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

Achievement:

Venue hire growth exceeded expectations in the year following the change in opening hours to allow Wednesday evenings to be available.

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

Achievement:

Overall expenditure in the year saw a reduction on the previous year of 2.6% to £4,192,377 (2019: £4,303,291).

REVIEW OF OPERATIONS DURING THE YEAR

COVID-19

This review necessarily begins with the most significant event of the year: the Covid-19 pandemic and government restrictions that have affected the Library's operations from the time it shut its doors at 9pm on 17 March until its reopening on 6 July.

The closure had little effect on the operating result of the Library in the year to 31 March. However, the very sharp fall in the value of quoted investments and the reduction in interest rates gave rise to the unrealised losses in the value of our investments and the increase in the estimated deficit in the Library's defined benefit pension scheme reported in the accounts.

The Library's senior management took steps to mitigate the effect of closure. These included enabling home working for staff where possible, reducing operating costs, and providing a postal loans service to members without charge to enable continued access to the collection alongside the Library's digital collection. Where staff were unable to work from home, the Library took advantage of the government's Job Retention Scheme but furloughed staff continued to receive 100% of their normal income.

The Library recognised that members affected by a reduction in income might find the cost of membership less affordable. Members were offered the opportunity to extend their membership by three months without charge. 227 members took up this extension during the period it was offered. Net increase in membership in the first quarter of 2020/21 was 63.

The Trustees decided to increase the Library's cash resources during what may be a prolonged period of financial uncertainty and in April sold the Library's holdings in the Newton Real Return Fund, the sale proceeds were £2.7m.

Following the Government announcements around the easing of lockdown, the Library successfully reopened on 6 July 2020, almost 4 months since closing. A ticketed system to regulate the flow of members to the building at any one time was established along with other safety measures such as barriers installed at pinch points, one-way entry and exit systems, book collection and drop off points and book quarantining for 48 hours. To ensure the safety of both its members and staff, the Library outlined its reopening plans and safety measures in a risk assessment document made available online.

COLLECTIONS

We continued to add to the collection in all subject areas, with purchases totalling £270,871 (2019: £293,179). This total includes £68,448 (2019: £65,180) for digital/online resources (reflecting the growing importance of this aspect of the collection) and £64,655 (2019: £77,960) for periodicals. The cost of acquisitions is met in part from the income earned from the Drue Heinz Literary Fund totalling £106,531 (2019: £79,236).

During the year we received donations to the Book Fund totalling £8,970 (2019: £12,417) in addition to £2,665 (2019: £2,471) for the Adopt A Book scheme. We also added to the collection donated books and periodicals worth £9,577 (2019: £4,675). We are most grateful to all the donors listed from pages 38 to 42 for their generosity.

SERVICES

61,890 books were loaned during the year (2019: 64,895) including 4,495 (2019: 4,619) sent through the postal loans service and 100 (2019: 105) borrowed through the inter-library loan system on behalf of members. Some 73,201 (2019: 67,547) renewals were made either by members themselves online or by staff on members' behalf using a variety of methods.

We placed and processed 36,486 requests to retrieve and set aside material in the course of dealing with a wide range of enquiries from members (2019: 35,956).

In 2019-20 we added 4,964 volumes to the current catalogue in respect of books purchased or donated (2019: 5,619), and 7,141 volumes from the old printed catalogue to the online catalogue (2019: 6,706).

During the government-imposed lockdown the country orders team continued to provide a postal loan service to all members with all postage charges suspended. During this period, 5,000 books were loaned to members.

MEMBERSHIP

Total membership numbers began the year at 6,592 and increased to 6,950 at the end of March 2020. The net increase of 358 (2019: 83) in the year comprises:

	Annual	Life	Total
New members	1,093	8	1,101
Commutations	(16)	16	-
Withdrawals/deaths	(714)	(29)	(743)
Net	363	(5)	358

Of the new annual members 263 were under the age of 27 (2019: 239).

FUNDRAISING

The Founders' Circle raised £155,417 (2019: £207,251) including Gift Aid during the year. Donations to the Tom Stoppard Innovation Fund totalled £30,000 (2019: £754,743). Other unrestricted donations totalled £54,397 (2019: £511,601). Restricted donations totalled £100,404 (2019: £157,453) including £65,841 for the Annual Fund (2019: £116,346, Library's St James's Stacks Windows appeal), £2,600 for the Development Appeal Fund (2019: £3,168) and £22,963 for Supported Memberships (2019: £35,704). Events and merchandising added a total of £61,362 (2019: £41,080). Legacy and estate income (including royalties from literary estates) totalled £331,401 (2019: £112,437). Fundraising costs totalled £433,728 (2019: £373,257).

The day-to-day management of all income generation is delegated to the executive team, who are accountable to the Trustees and fundraising is carried out in compliance with the Library's formal Ethical Fundraising Policy, which emphasises the respect with which donors and prospective donors should be treated when approaches for donations are being made. The Library is not bound by any undertaking to be compliant with any regulatory scheme, however the Charity is a member of the Fundraising Regulator and complies with the relevant codes of practice. The Library reports any fundraising complaints received to the Fundraising Regulator on an annual basis. No complaints were received during the year in relation to fundraising activities.

STAFF AND VOLUNTEERS

We are grateful to Collection Care Volunteer John Perkins who continues to make a valuable contribution to our work and to Marit Tronslin for her work on retrospective cataloguing.

PLANS FOR 2020-2021

The Library's Strategic Plan 'New Foundations', running from 2018/19 to 2022/23, includes the key goals:

- 1 Substantially increase awareness of, access to and engagement with the Library (increasing its reach and impact)
- 2 Remove the annual operating deficit by the end of 2022/23 (placing the Library on a sustainable financial footing for future generations)

Work on achieving these key goals will continue in 2020-21 focusing on the eight objectives detailed in the 'Achievements and Performance' section.

While the outbreak of COVID-19 is expected to have some impact on the Library's Strategic Plan, a prudently revised budget prepared in May in anticipation of the Library reopening in July anticipates that the Library's financial result for 2020/21 will be similar to the original budget. The Trustees have recognised a more challenging climate for investment income, fundraising and income from membership subscriptions and events, and will continue to maintain a tight control of costs. However, the Library will benefit from government initiatives including business rate relief and the Job Retention Scheme. The full impact of COVID-19 is yet to be fully realised and Trustees will continue to monitor the situation and revise future plans as necessary.

FINANCIAL REVIEW

The table below separates Operational Results, Fundraising Activity and Investment Income. Full details can be found in the accounts.

	2020 £000	2020 £000	2019 £000	2019 £000	2018 £000	2018 £000
Operating Result						
Membership and Trading Income	2,844		2,747		2,705	
Less: related expenditure	<u>(3,759)</u>		<u>(3,852)</u>		<u>(3,835)</u>	
		(915)		(1,105)		(1,130)
Fundraising Activity						
Fundraising income	722		2,816		1,398	
Less: related expenditure	<u>(434)</u>		<u>(398)</u>		<u>(340)</u>	
		288		2,418		1,058
Net Investment income		319		310		240
Gains/(losses) in the value of investments		(568)		808		(170)
Reduction/(increase) in the estimated liability of the pensions deficit under accounting standards		<u>(382)</u>		<u>340</u>		<u>149</u>
Net movement in funds		<u>(1,258)</u>		<u>2,718</u>		<u>147</u>

The Library's overall deficit for the year is £1,258k driven predominantly by the unrealised losses in investments £568k (2019: increase of £808k) and an increase to the SSF's pension deficit of £382k (2019: gain of £340k) resulting from the fall in the value of the Library's and the SSF's investments and the reduction in interest rates in March as a result of the global effects of Covid-19. This is a very significant deterioration in the net movement in funds, the prior year saw an increase in the value of stock markets and £1.8 million of donation and legacy income from the late Drue Heinz.

Membership fees in the year amounted to £2,782k (2019: £2,706k) and income from trading activities was £61,362 (2019: £41,080), together this is an increase on the previous year by 3.5%. The costs of operating the Library, including marketing and communications expenditure, were £4,192k, a reduction on the previous year of 2.6%, achieved through careful control of costs.

A key aim of the Strategic Plan is to remove the Library's 'operating deficit' by 2022/23. Measurement of this term as

used in the Plan is based on the combination of Operating Result and ongoing net revenue fundraising and income from investments. On this basis, the 'operating deficit' for 2019/20 was £558k (2019: deficit of £737k).

While the Library therefore continues to report an operating deficit, this has fallen by £240k on the previous year. The new strategic plan also focuses on increasing ongoing fundraising income to ensure that the Library achieves a sustainable financial position.

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

RESERVES AND INVESTMENT POLICIES

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

The table below sets out the structure of reserves the Trustees have set following a review during the year of the Library's progress against its strategic plan, medium-term financial forecasts, and the recovery plan for the Library's SSF agreed with its Trustees following the 2019 triennial valuation.

Tier	Purpose	Basis of calculation	Amount required £m	Amount held 31 Mar 2020 £m
Tier 1	Short-term working capital	90 days of operating expenses	1.0	
	To achieve the statutory solvency of the SSF	Committed payment to SSF in FY2021	0.3	
Total Tier 1			1.3	1.3
Tier 2	To cover next four years' anticipated operating deficit	Based on operating budget deficit for FY2021	0.7	
	To improve the SSF funding position to low dependency	Payments to SSF over 9 years	0.6	
Total Tier 2			1.3	1.3
Total			2.6	2.6

The Library's free reserves at 31 March 2020 were £3.0 million. The amount above the targeted level of reserves is available to support growth and development and provide further resilience.

In addition to free reserves, as set out in Note 12 to the accounts, the Library holds designated funds of £20.7m, which represent the Library's buildings (including investment properties) and other tangible fixed assets and the Tom Stoppard Innovation Fund of £1.7m. Free reserves and designated funds together constitute the Operating Fund of £23.7m, which represents unrestricted funds excluding the pension reserve. The pension reserve is a shortfall of £0.6m, so net unrestricted funds total £23.1m.

The Library also has restricted income funds of £0.5m and endowment funds of £4.4m. Its total funds amount to £28.0m.

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

REVIEW OF INVESTMENT PERFORMANCE

At 31 March 2020, the Library's investments, including those held to meet Tier 1 and 2 reserves, were held in cash and the Newton Real Return Fund managed by Newton Investment Management. In April 2020 the Library sold its holdings in the Newton Real Return Fund. It is intended that in the long-term the Tier 1 and Tier 2 reserves are matched by holdings in a mix of cash and investments that preserve capital value. The Trustees will continue to keep under review opportunities to reinvest appropriately some of the Library's current cash holdings.

The Real Return Fund aimed to achieve a rate of return in sterling terms that is at least equal to the return from cash (measured as 1 month GBP LIBOR) plus 4% per annum over five years before fees. In doing so it aimed to achieve a positive return on a rolling three-year basis. The fund achieved a negative return of 1.7% during the year.

The balance of the Library's funds, including restricted and endowment funds, are held in the Growth and Income fund managed by Newton Investment Management. The Library's investment objective for these funds is to maintain their capital value while generating a minimum income of 3%. During the year the fund achieved a negative return of 6.5% compared to a benchmark index of negative 8.2%. In the prior year it achieved a return of 12.2% compared to its benchmark of 7.1%.

The Library's financial investments generated income of £255,286 (2019: £234,596) and a net loss in value of £567,968 or 7.42% (2019: gain of £455,500 or 5.95%). Interest income added a further £11,137 (2019: £8,979) and income from the Library's investment properties totalled £52,568 (2019: £66,028).

The value of the investment funds shown at the balance sheet date is arrived at after all investment management fees have been deducted. The fees charged to funds are at rates between 0.6% and 0.8% depending on the amount invested.

As stated above, the Library saw a significant fall in the value of its investments in March as a result of the global effects of Covid-19, although values recovered somewhat in the first quarter of the financial year.

RISK MANAGEMENT

The Trustees have overall responsibility for ensuring that the Library has appropriate procedures in place to mitigate risks related to strategy, operations, finance or legal compliance. The Library maintains a Risk Register which lists by category the key risks to which the Library is exposed and the monitoring and mitigation measures in place or under consideration. The register is kept under regular review and formally updated at least annually. The summary below explains the principal risks and uncertainties and how these are managed:

COVID-19

At the time of closure lockdown the Library created a Business Continuity Group to address all risks associated specifically with the virus and safety of its members and staff. Prior to reopening the Library formulated a risk assessment document outlining all steps the Library had taken to ensure social distancing and to limit spreading of the virus. The Risk Assessment Document (RAD) detailed the safety measures in place and the effect it would have on interaction with the Library for members, staff and contractors. A consultation was held with staff to discuss and copies provided to the Trustees for input. Once approved it was made publicly available on the Library's website.

Strategy

The Library has robust arrangements to ensure that its strategy is set and implemented appropriately. These include a Strategic Plan, thorough recruitment processes for senior staff, formal Trustee recruitment and induction processes and periodic governance reviews.

Operations

Operational risks cover a wide range, but the two most serious are physical disasters and dissatisfaction with the service provided to members. Protection against physical disasters has been significantly enhanced in recent years through improvements to the fire alarm system and the implementation of both detection and prevention measures in relation to water ingress. A Business Continuity Plan is also in place. Meanwhile close attention is paid to the needs and expectations of members, through training and induction efforts are made to ensure that they make best use of the facilities available, and through regular surveys of members' opinions.

Finance

The Library is heavily dependent on membership subscriptions to fund its operations. These provide a steady stream of core income but can be subject to attrition from a variety of causes. Fee rates have to increase with inflation in order to maintain service levels

but to many individual members they represent a significant outlay that requires justification. The Library's membership marketing and retention strategy therefore seeks to emphasise what makes its offer unique.

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

The Library has a defined benefit pension scheme (the Staff Superannuation Fund) which was closed to further accrual in April 2011, as a major step in mitigating the risk associated with it. The pension scheme triennial valuation as at 31 March 2019 showed a significant reduction in its deficit. The recovery plan agreed with the scheme's Trustees results in lower annual contributions from 2021 to 2030 and are designed to place the scheme in a position of low dependency on the Library as the sponsoring employer by the end of the decade.

Legal compliance

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The London Library is a registered charity (number 312175), incorporated by Royal Charter dated 6 July 2004. It has its own Byelaws and the power to alter its own Rules. It has a royal Patron and Vice-Patron as well as a President and Vice-Presidents appointed by the Trustees subject to confirmation by members at the next AGM. The Patrons, President and Vice-Presidents are vital and much-valued ambassadors for the Library but play no part in its formal management.

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

DELEGATION OF POWERS

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

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

The Library's specialist committees may include members with specialist skills and experience who are not current Trustees (although some may be former Trustees). In particular, the Trustees are grateful to Jocelyn Ridley for the valuable services she provided on the Nominations Committee during 2019-2020. Thanks are also due to those who served as Trustees of the SSF during the year: Rosemary Morgan, Alan Saunders, Alison Sproston, Richard Templeton, Gill Turner and Keith Wallace.

REMUNERATION POLICY FOR KEY MANAGEMENT PERSONNEL

The Trustees consider that the Library's Key Management Personnel comprise the Trustees, Director of the Library and the Director of Finance and Administration. The Trustees give of their time freely and no Trustee received any remuneration during the year.

Details of transactions with Trustees and other related parties are disclosed in Note 14 to the accounts.

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

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

APPOINTMENT AND RETIREMENT OF TRUSTEES

Trustees other than the Chairman and Treasurer serve for four years before retiring by rotation but are eligible for immediate re-election for one further four-year term. Each year, a Nominations Committee appointed by the Trustees reviews the balance of skills and experience amongst the Trustees and advertises the expertise required to the whole membership in the Spring issue of the Library magazine and on the Library website. The Nominations Committee interviews those candidates most closely matching the requirements before recommending them to the Trustees as suitable candidates for election by members at the AGM. The Nominations Committee includes a non-trustee member of the Library with specialist skills and experience in the field of recruitment and governance.

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

SUBSIDIARY AND RELATED BODIES

The London Library Trust, a linked charity (registered number 312175-1) was set up in 1952 in order to assist the Library in the achievement of its charitable objectives. The assets of the Trust are held by the Library as a restricted fund and the Library is its sole trustee. The Library also has a wholly-owned subsidiary company, London Library Enterprises Ltd, which has no assets and has not traded since incorporation.

Along with Girton College, Cambridge, the Library is a joint beneficiary of Mrs RM 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 RM Chambers' Settlement had an immaterial impact on the London Library's financial statements this year.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

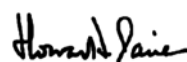
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

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

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2019 (FRS 102), issued in October 2019) and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

Approved by the Trustees on 29 July 2020 and signed on their behalf by



Sir Howard Davies
CHAIRMAN



Philip Broadley FCA
TREASURER



Philip Marshall
DIRECTOR

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

Opinion

We have audited the financial statements of The London Library (the 'Charity') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2020, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

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

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

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditors
6th floor, 2 London Wall Place
London, EC2Y 5AU

Date 14 August 2020

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

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2020

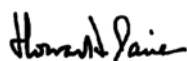
	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
INCOME AND ENDOWMENTS						
FROM:						
Donations and legacies	2	621,289	100,404	-	721,693	2,816,153
Charitable activities	5	2,782,375	-	-	2,782,375	2,706,247
Other trading activities	3	61,362	-	-	61,362	41,080
Investments	4	163,705	155,286	-	318,991	309,603
TOTAL		3,628,731	255,690	-	3,884,421	5,873,083
EXPENDITURE ON:						
Raising funds	6.1	916,208	25,462	-	941,670	774,231
Charitable activities	6.2	3,052,105	198,602	-	3,250,707	3,529,060
TOTAL	6	3,968,313	224,064	-	4,192,377	4,303,291
NET INCOME/(EXPENDITURE)						
before investment (losses)/gains		(339,582)	31,626	-	(307,956)	1,569,792
Net gains/(losses) on investments	8.2	(123,957)	(47,055)	(396,956)	(567,968)	808,349
NET INCOME/(EXPENDITURE)		(463,539)	(15,429)	(396,956)	(875,924)	2,378,141
Transfers between funds	12	(1,425)	1,425	-	-	-
OTHER RECOGNISED GAINS & LOSSES:						
Actuarial gains/(losses) on defined benefit pension scheme	13	(382,000)	-	-	(382,000)	340,000
NET MOVEMENT IN FUNDS		(846,964)	(14,004)	(396,956)	(1,257,924)	2,718,141
FUNDS AT START OF YEAR	12, 19, 20	23,963,211	558,906	4,753,740	29,275,857	26,557,714
FUNDS AT END OF YEAR	12, 19	23,116,247	544,902	4,356,784	28,017,933	29,275,855

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

BALANCE SHEET as at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
FIXED ASSETS			
Tangible fixed assets	7	17,992,953	18,156,525
Investment properties	8.1	1,018,182	1,018,182
Financial investments	8.2	7,088,334	7,656,302
TOTAL FIXED ASSETS		26,099,469	26,831,009
CURRENT ASSETS			
Debtors and prepayments	10	1,155,534	764,422
Bank balances and cash in hand		2,380,382	3,187,885
		3,535,916	3,952,307
LIABILITIES			
Creditors: amounts due within one year	11	(392,636)	(425,119)
NET CURRENT ASSETS		3,143,280	3,527,188
TOTAL ASSETS LESS CURRENT LIABILITIES			
		29,242,749	30,358,196
Creditors: amounts due after more than one year	11	(636,816)	(626,341)
NET ASSETS excluding pensions liability		28,605,933	29,731,855
Pension liability		(588,000)	(456,000)
TOTAL NET ASSETS		28,017,933	29,275,855
Represented by			
RESTRICTED INCOME FUNDS			
		544,902	558,906
ENDOWMENT FUNDS			
	12	4,356,784	4,753,740
UNRESTRICTED FUNDS excluding pension liability			
	12	23,704,247	24,419,209
Pensions reserve	13	(588,000)	(456,000)
Total unrestricted funds		23,116,247	23,963,209
TOTAL CHARITY FUNDS	12	28,017,933	29,275,855

Approved and authorised for issue by the Trustees on 29 July 2020 and signed on their behalf by



Sir Howard Davies
CHAIRMAN



Philip Broadley FCA
TREASURER



Philip Marshall
DIRECTOR

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

STATEMENT OF CASH FLOWS for the year ended 31 March 2020

	<i>Note</i>	2020	2020	2019	2019
		£	£	£	£
Net cash flow from operating activities	18		(1,070,822)		1,437,073
Cash flows from investing activities					
Dividends, interest and rent from investments		318,991		309,603	
Proceeds from sale of investment property		-		220,500	
Proceeds from sale of tangible fixed assets		-		-	
Payments to acquire tangible fixed assets		(55,672)		(71,750)	
Proceeds from sale of investments		-		1,066,607	
Payments to acquire investments		-		(1,066,607)	
Net cash flow from investing activities			263,319		458,353
Increase/(decrease) in cash and cash equivalents			(807,503)		1,895,426
Cash and cash equivalents at start of year			3,187,885		1,292,459
Cash and cash equivalents at end of year			2,380,382		3,187,885
Analysis of cash and cash equivalents					
Cash in hand			2,380,382		3,187,885
Notice deposits			-		-
Total cash and cash equivalents			2,380,382		3,187,885

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

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) General information and basis of preparation

The London Library is a registered Charity (number 312175) with the Charity Commission in England & Wales, and is incorporated by Royal Charter. It constitutes a public benefit entity as defined by FRS 102. The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

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

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

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

The Trustees have given particular consideration to the effects of the Covid-19 pandemic on its operations and financial position.

The principal uncertainty the Library faces is its ability to maintain membership income at its current level. The actions taken by the Library's staff in response to lockdown are set out in the Trustees' Report. Throughout the period of lockdown, the Library continued to provide remote access and offered a free postal loan services, apart from a short period. The Library's continued ability to serve its members remotely was clearly valued by the members, many of whom expressed their appreciation, made unsolicited voluntary donations and continued to renew their membership. The Library also continued to welcome new members and, overall, its membership grew in the first quarter of the year.

Although other sources of income, such as that from events, and voluntary donations are expected to be lower for a period of time, the Trustees consider that income from membership, supported by investment income and the Library's reserves, will be sufficient to enable the Library to continue as a going concern for the foreseeable future.

(c) Fund accounting

The Charity's funds are shown in Note 12.

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

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

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

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

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

(d) Income

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

Donations are recognised on receipt or, if earlier, when the Charity has been notified of the amounts and the settlement

date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Charity and it is probable that they will be fulfilled.

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

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

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

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

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

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

(e) Expenditure

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

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

(f) Support costs

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

(g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes those directly attributable to making the asset capable of operating as intended. Assets which are separately identifiable and cost less than £1,000 are not capitalised, other than where purchased as a group of assets or in the case of information and communications technology where a lower threshold of £100 applies.

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

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

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

(h) Heritage assets

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

(i) Investment properties

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

(j) Fixed asset investments

Fixed asset investments in quoted shares, traded bonds and similar investments are measured initially at cost and subsequently at fair value (the bid price) at the reporting date with changes recognised in 'net gains / (losses) on investments' in the SOFA. Investments are held in pooled vehicles.

(k) Debtors receivable and creditors payable within one year

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

(l) Provisions

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

(m) Leases

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

(n) Foreign currency

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

(o) Pension arrangements

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

The Charity also operates the Library's Staff Superannuation Fund (SSF), a defined benefit scheme, which was closed to new entrants and to future accrual on 1 April 2011. A liability for the Charity's obligations under the plan is recognised

net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using methodology in accordance with FRS 102. Further details are provided in Note 13.

(p) Taxation

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

(q) Consolidation

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

(r) Judgements and key sources of estimation uncertainty

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

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

(s) Financial instruments

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

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

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

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

Financial Liabilities – Trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 11. Taxation and social security are not included in the financial

instruments disclosure. Deferred income and deferred life membership fees are not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver charitable services rather than cash or another financial instrument.

t) Employee benefits

When employees have rendered service to the Charity, short-term employee benefits to which the employees

are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

In the financial year £54,742 was spent on employees leaving the service of the Library, this is inclusive of termination payments of £21,016. These costs were paid in full in the year and have been recognised in the staff costs Note 15 on page 35.

2 DONATIONS AND LEGACIES

	2020 £	2019 £
<i>Unrestricted funds</i>		
Donations	289,888	1,473,596
Legacies	331,401	112,437
Gifts in Kind	-	-
Subtotal unrestricted	<u>621,289</u>	<u>1,586,033</u>
<i>Restricted funds</i>		
Donations to the Development Appeal Fund	2,600	3,168
Legacies for the Development Appeal Fund	-	2,235
Donations for supported membership	22,963	35,704
Other restricted donations	65,841	116,346
Grants received	9,000	-
Subtotal restricted	<u>100,404</u>	<u>157,453</u>
<i>Endowment funds</i>		
Donations for endowments	-	1,072,667
Subtotal endowment	<u>-</u>	<u>1,072,667</u>
Total income from donations and legacies	<u>721,693</u>	<u>2,816,153</u>

3 OTHER TRADING ACTIVITIES

	2020 £	2019 £
Events and venue hire	55,709	31,344
Merchandising sales	5,653	9,736
Total income from other trading activities	<u>61,362</u>	<u>41,080</u>

4 INVESTMENT INCOME

	2020 £	2019 £
Income from managed funds UK	255,286	234,596
Outside UK	-	-
Total income from managed funds	<u>255,286</u>	<u>234,596</u>
Interest from deposits	11,137	8,979
Total income from investment portfolio	<u>266,423</u>	<u>243,575</u>
Income from property	52,568	66,028
Total investment income	<u>318,991</u>	<u>309,603</u>

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

5 INCOME FROM CHARITABLE ACTIVITIES

	2020 £	2019 £
Annual membership fees	2,639,562	2,555,949
Life membership fees	118,697	130,523
Temporary overseas membership fees	2,020	1,877
Reference ticket fees	5,400	3,940
Inter-Library loan fees	16,696	13,958
Total income from charitable activities	2,782,375	2,706,247

6 EXPENDITURE

	2020 Staff costs £	2020 Other costs £	2020 Total £	2019 Staff costs £	2019 Other costs £	2019 Total £
6.1 Raising funds						
Fundraising	334,238	99,494	433,732	320,358	52,899	373,257
Marketing & Communications	304,036	155,131	459,167	195,428	152,834	348,262
Investment Management Fees	-	48,771	48,771	-	52,712	52,712
Total	638,274	303,396	941,670	515,786	258,445	774,231
6.2 Charitable activities						
Library operations						
Building and Facilities						
Management	211,492	768,134	979,626	238,733	827,954	1,066,687
Member Services	556,985	-	556,985	621,210	-	621,210
Bibliographic Services	181,214	1,489	182,703	240,570	2,355	242,925
Acquisitions	145,918	270,871	416,789	180,998	293,179	474,177
Collection Care	219,421	73,345	292,766	217,248	99,979	317,227
Subtotal	1,315,030	1,113,839	2,428,869	1,498,759	1,223,467	2,722,226
Support costs						
Information Technology	111,140	139,908	251,048	140,780	147,834	288,614
Administration	360,799	74,990	435,789	325,612	74,736	400,348
Governance	90,200	44,801	135,001	81,403	36,470	117,873
Subtotal	562,139	259,699	821,838	547,795	259,040	806,835
Total charitable activities	1,877,169	1,373,538	3,250,707	2,046,554	1,482,507	3,529,061
Total expenditure	2,515,443	1,676,934	4,192,377	2,562,340	1,740,952	4,303,292

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

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

Governance costs	2020	2020	2020	2019	2019	2019
	Staff costs £	Other costs £	Total £	Staff costs £	Other costs £	Total £
Administration allocation	90,200	18,747	108,947	81,403	18,684	100,087
Audit fees	-	15,373	15,373	-	13,135	13,135
Legal & professional fees	-	10,681	10,681	-	4,650	4,650
Total	90,200	44,801	135,001	81,403	36,469	117,872

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

Acquisitions

Five-year expenditure excluding digital material	2020 £	2019 £	2018 £	2017 £	2016 £
Purchases	205,970	248,804	251,030	275,363	256,620
Donations	9,076	4,675	9,139	16,200	16,600
Total acquisitions	215,046	253,479	260,169	291,563	273,220
Items added to current catalogue	4,964	5,619	5,812	7,961	7,431

7 TANGIBLE FIXED ASSETS

	Freehold Property £	Plant and Equipment £	Furniture and Fittings £	Information Technology £	Total £
Cost					
At 1 April 2019	17,969,031	2,061,299	448,246	547,985	21,026,561
Additions	-	24,020	0	31,652	55,672
Disposals	-	-	-	(91,372)	(91,372)
At 31 March 2020	17,969,031	2,085,319	448,246	488,265	20,990,861
Depreciation					
At 1 April 2019	1,122,505	1,105,431	132,033	510,067	2,870,036
Charge for the year	79,788	104,266	19,506	15,684	219,244
Disposals	-	-	-	(91,372)	(91,372)
At 31 March 2020	1,202,293	1,209,697	151,539	434,379	2,997,908
Net book values					
At 1 April 2019	16,846,526	955,868	316,213	37,918	18,156,525
At 31 March 2020	16,766,738	875,622	296,707	53,886	17,992,953

8 FIXED ASSET INVESTMENTS

	2020	2019
	£	£
8.1 Investment properties		
Market value at beginning of year	1,018,182	885,833
Sale proceeds	-	(220,500)
Revaluation gains	-	352,849
Market value at end of year	1,018,182	1,018,182

Investment properties comprise a café and a commercial art gallery rented to tenants on short leases. A review of the yield on rental income was carried out in the previous financial year and the market value of the two properties was revised accordingly. The Library also owns the six leasehold flats. All these properties are contiguous to the Library's operational property and share some structure and services with it.

8.2 Financial investments

	2020	2019
	£	£
Investments in managed funds:		
Market value at beginning of year	7,656,302	7,200,802
Cost of purchases	-	1,066,607
Disposals	-	(1,066,607)
Revaluation (losses)/gains	(567,968)	455,500
Market value at end of year	7,088,334	7,656,302

All the above investments are held in pooled funds, managed by Newton Investment Management, valued by reference to the funds' underlying investments.

	2020	2019
	£	£
Listed investments:		
UK	7,088,334	7,656,302
Outside UK	-	-
Total	7,088,334	7,656,302

9 HERITAGE ASSETS

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

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

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

10 DEBTORS

	2020	2019
	£	£
Trade debtors	31,648	37,239
Other debtors	303,053	112,293
Stock	11,738	6,456
Prepayments and accrued income	809,095	608,434
Total	<u>1,155,534</u>	<u>764,422</u>

11 CREDITORS**Amounts due within one year:**

	2020	2019
	£	£
Trade creditors	131,525	118,400
Taxes and social security	64,543	53,043
Other creditors	36,073	31,394
Accruals and deferred income*	59,499	108,231
Life membership fees deferred	100,996	114,052
Total	<u>392,636</u>	<u>425,119</u>

Amounts due after more than one year:

	2020	2019
	£	£
Life membership fees deferred	636,816	626,341
Total	<u>636,816</u>	<u>626,341</u>

Income from life membership fees has been recognised over 10 years from the year of receipt for new memberships up to 31 March 2016, over 15 years for new memberships between 1 April 2016 and 31 March 2017 and over 25 years for new memberships from 1 April 2017. The Trustees keep this policy under review in the light of operational experience and general trends in life expectancy.

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

	2020	2019
	£	£
Deferred income at start of year	740,393	722,821
Life membership fees received in year	116,115	148,095
Income recognised in year	(118,696)	(130,523)
Deferred income at end of year	<u>737,812</u>	<u>740,393</u>
To be recognised within one year	100,996	114,052
To be recognised after more than one year	636,816	626,341
Total as above	<u>737,812</u>	<u>740,393</u>

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

	2020	2019
	£	£
Deferred income at start of year	13,084	6,620
Amount released to income in the year	(13,084)	(6,620)
Amount deferred in the year	8,952	13,084
Deferred income at the end of year	<u>8,952</u>	<u>13,084</u>

12 ANALYSIS OF FUNDS

	B/fwd 01 April 19 £	Income 2020 £	Expenditure 2020 £	Revaluations 2020 £	Transfers 2020 £	C/fwd 31 March 20 £
Unrestricted funds						
Designated funds						
Tangible fixed assets	18,156,525	-	(219,244)	-	55,672	17,992,953
Investment properties	1,018,182	52,568	-	-	(52,568)	1,018,182
Tom Stoppard Innovation Fund	1,697,632	-	-	-	20,798	1,718,430
Total designated funds	20,872,339	52,568	(219,244)	-	23,902	20,729,565
Free reserves	3,546,872	3,576,163	(3,999,069)	(123,957)	(25,327)	2,974,682
Subtotal Operating Fund	24,419,211	3,628,731	(4,218,313)	(123,957)	(1,425)	23,704,247
Pension reserve	(456,000)	-	250,000	(382,000)	-	(588,000)
Total unrestricted funds	23,963,211	3,628,731	(3,968,313)	(505,957)	(1,425)	23,116,247
Restricted funds						
Development Appeal Fund	235,960	12,566	(1,634)	(19,703)	-	227,189
The London Library Trust	222,554	11,356	(64,715)	(18,584)	-	150,611
Supported memberships	-	3,663	(3,663)	-	-	-
Emerging Writers Programme	33,400	19,300	(9,000)	-	-	43,700
Staff Benefit Fund	56,698	-	-	(8,768)	-	47,930
Drue Heinz Literary Fund	-	127,426	(127,426)	-	-	-
Westminster School Memberships	-	1,175	(2,600)	-	1,425	-
Julio and Maria Marta Núñez Memorial Fund	10,294	5,167	(5,465)	-	-	9,996
St James's Stack appeal	-	65,476	-	-	-	65,476
Other restricted funds	-	9,561	(9,561)	-	-	-
Total restricted funds	558,906	255,690	(224,064)	(47,055)	1,425	544,902
Endowment funds						
Drue Heinz Literary Fund	4,256,503	-	-	(355,432)	-	3,901,071
Jacqueline Golden Endowment	339,184	-	-	(28,324)	26,951	337,811
Westminster School Memberships	29,408	-	-	(2,457)	(26,951)	-
Julio and Maria Marta Núñez Memorial Fund	128,645	-	-	(10,743)	-	117,902
Total endowment funds	4,753,740	-	-	(396,956)	-	4,356,784
Total funds	29,275,857	3,884,421	(4,192,377)	(949,968)	-	28,017,933

Transfers

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

Unrestricted funds

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

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

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

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

Restricted funds

The Development Appeal Fund was launched in 2004 to meet the costs of the Library's purchase of Duchess House (renamed 'TS Eliot House' in 2008), its fitting out and other development works to the Library (The Development Project).

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

Funds held within The London Library Trust (LLT) are restricted for the provision of Supported Memberships. Since April 2012 the assets of LLT, a subsidiary linked charity (registered number 312175-1), have been held as a restricted fund within the Library which is its sole trustee.

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

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

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

Endowment funds

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

The Jacqueline Golden endowment was established by a gift from Lewis Golden, a distinguished former Treasurer and Chairman of the Library, in memory of his late wife Jacqueline, and has been supplemented by subsequent donations. The income from this endowment is available for the general purposes of the Library and included within free reserves.

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

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12 ANALYSIS OF FUNDS continued

for the five-year duration of the scheme. In accordance with the terms of the donation, now that the scheme has ended, the remaining balance in the fund has now been transferred to the Jacqueline Golden endowment.

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

Net assets by fund

	Unrestricted 2020 £	Restricted 2020 £	Endowment 2020 £	Total 2020 £
Tangible fixed assets	17,992,953	-	-	17,992,953
Investment properties	1,018,182	-	-	1,018,182
Financial investments	2,186,648	544,902	4,356,784	7,088,334
Debtors and prepayments	1,155,534	-	-	1,155,534
Bank balances and cash in hand	2,380,382	-	-	2,380,382
Creditors: due within one year	(392,636)	-	-	(392,636)
Creditors: due after more than one year	(636,816)	-	-	(636,816)
Pension liability	(588,000)	-	-	(588,000)
Net assets	23,116,247	544,902	4,356,784	28,017,933

13 PENSION ARRANGEMENTS

(a) Group Personal Pension Plan (GPPP)

The Group Personal Pension Plan is provided by Scottish Widows and commenced on 1 April 2011 when the Library's defined benefit scheme closed to further accrual. Costs for the year ended 31 March 2020 totalled £102,955 (2019: £96,976).

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

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

In the year ended 31 March 2020, the contribution by the Library was £257,300 (2019: £249,800), in accordance with the recovery plan agreed between the Library and the SSF Trustees. 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 2021 is £265,000.

In the year ended 31 March 2020, the Library paid pensions and lump sum payments to members on behalf of the SSF of £430,000. These payments were greater than the amount of £257,300 due to the SSF under the recovery plan. The difference is treated as due from the SSF as is reported as a debtor on the balance sheet.

Under the terms of an agreement made on 14 June 2011 the Trustees have agreed that the Library will not enter into borrowings in excess of £3 million without the prior consent of the SSF Trustees.

A valuation of the Fund has been prepared as at 31 March 2020 in accordance with FRS102. The major assumptions used are as follows:

	2020	2019
Discount rate	2.2% per annum	2.5% per annum
Price inflation (RPI)	2.7% per annum	3.4% per annum
Price inflation (CPI)	1.9% per annum	2.4% per annum
Increases to pensionable pay	N/A	N/A
Increases to pensions in payment:		
Before 30/4/2007 (RPI capped at 5%)	2.6% per annum	3.2% per annum
From 1/5/2007 (RPI capped at 2.5%)	1.9% per annum	2.2% per annum
Guaranteed Minimum Pension (GMP) accrued after 6/4/1988 (CPI capped at 3%)	1.7% per annum	2.0% per annum

Increases to pensions in deferment (employed members):

	2020	2019
Non-GMP earned before 6/4/2009 (RPI capped at 5%)	2.7% per annum	3.4% per annum
Non-GMP earned after 6/4/2009 (RPI capped at 2.5%)	2.5% per annum	2.5% per annum
GMP	Fixed rates	Fixed rates

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

Non-GMP earned before 6/4/2009 (CPI capped at 5%)	1.9% per annum	2.4% per annum
Non-GMP earned after 6/4/2009 (CPI capped at 2.5%)	1.9% per annum	2.4% per annum
GMP	Fixed rates	Fixed rates

Mortality

– Before retirement	No allowance	No allowance
– After retirement	S2PA year of birth tables with CMI_2019 projections and a 1.25% pa long-term rate of improvement	S2PA year of birth tables with CMI_2018 projections and a 1.25% pa long-term rate of improvement

Commutation

100% of members commute 15% of their pension at current rates	100% of members commute 25% of their pension at current rates
---	---

Life expectancies from age 65:

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

Reconciliation of funded status to Balance Sheet

	2020 £	2019 £
Defined benefit obligation	10,750,000	10,929,000
Less: Fair value of plan assets	10,162,000	10,473,000
Net defined benefit liability	588,000	456,000

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

	2020		2019	
	£	% weight	£	% weight
Equities	3,247,000	32.0%	3,576,000	34.1%
Alternatives	1,905,000	18.7%	2,314,000	22.1%
Government Bonds	330,000	3.2%	782,000	7.5%
Corporate Bonds	1,314,000	12.9%	1,303,000	12.4%
LDI assets	2,543,000	25.0%	2,529,000	24.1%
Cash/other	823,000	8.1%	(31,000)	-0.3%
Total	10,162,000	100.0%	10,473,000	100.0%

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

	2020 £	2019 £
Net interest expense on defined benefit liability	8,000	24,000
Past service cost	-	50,000
Total net expense/(income) recognised	8,000	74,000

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

	2020	2019
	£	£
Remeasurement – gain/(loss) on liabilities due to experience	(16,000)	(3,000)
Remeasurement – (loss)/gain on liabilities due to assumption changes	33,000	(119,000)
Remeasurement – return on assets excluding interest income	(399,000)	462,000
Actuarial (loss)/gain for the year	(382,000)	340,000

Reconciliation of defined benefit obligation over the year:

	2020	2019
	£	£
Defined benefit obligation at start of year	10,929,000	10,730,000
Interest expense on defined benefit obligation	268,000	276,000
Remeasurement – (gain)/loss on liabilities due to experience	16,000	3,000
Remeasurement – loss/(gain) on liabilities due to assumption changes	(33,000)	119,000
Benefits paid	(430,000)	(249,000)
Past service cost	-	50,000
Liabilities at end of year	10,750,000	10,929,000

Reconciliation of fair value of assets over the year:

	2020	2019
	£	£
Fair value of assets at start of year	10,473,000	9,758,000
Interest income on assets	260,000	252,000
Remeasurement – return on assets excluding interest income	(399,000)	462,000
Contributions by employer	257,000	250,000
Benefits paid	(430,000)	(249,000)
Fair value of assets at end of year	10,161,000	10,473,000
Return on assets	(139,000)	714,000

Reconciliation of funded position

	2020	2019
	£	£
Net defined benefit liability at start of year	456,000	972,000
Expense recognised in total expenditure	7,000	74,000
Actuarial (gain)/loss recognised below total expenditure	382,000	(340,000)
Contributions by employer	(257,000)	(250,000)
	588,000	456,000

14 TRANSACTIONS WITH TRUSTEES AND OTHER RELATED PARTIES

Trustees received no remuneration in connection with their trusteeship (2019: £Nil). No reimbursements were paid to Trustees for expenses incurred on Library business (2019: £Nil). All Trustees are members of the Library and enjoy the associated benefits on the same basis as all other members. Unrestricted donations from Trustees and other related parties during the year totalled £31,859 (2019: £24,506).

Related parties include Key Management Personnel, which comprises the Trustees, Director of the Library and the Director of Finance and Administration. Aggregate benefits for these staff are shown in Note 15 below. The Library's Defined Benefit pension scheme (the Staff Superannuation Fund) constitutes a related party, and full details are set out in Note 12 on page 30. Otherwise the Trustees believe there are no transactions with related parties that require disclosure.

15 STAFF COSTS

	2020	2019
	£	£
Staff costs comprise:		
Gross salaries and wages	2,106,146	2,089,344
Termination payments	21,016	-
National Insurance	189,976	194,220
Pension costs	198,306	278,776
Total	<u>2,515,444</u>	<u>2,562,340</u>

Total employee benefits plus employer's national insurance contributions for Key Management Personnel totalled £194,402 (2019: £186,743). The balance of interest-free season ticket loans due from Key Management Personnel at 31 March 2020 totalled £4,278 (2019: £3,578).

In addition to the above, expenditure totalling £35,329 (2019: £23,478) on staff training and related consultancy is included within other costs under Administration in Note 6 to these financial statements.

16 EMPLOYEES

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

	2020	2019
Buildings and Facilities Management	4.6	4.8
Member Services	18.4	22.5
Bibliographic Services	5.1	5.9
Books, periodicals and online subscriptions	4.0	4.0
Collection Care	10.0	10.9
Information Technology	2.6	3.0
Administration and Finance	7.3	6.5
Marketing & Communications	8.3	3.8
Fundraising	5.1	5.8
Total	<u>65.4</u>	<u>67.2</u>

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

	2020	2019
Range £60,000 – £70,000		
Number of employees	2	2
Employer's contributions to Group Personal Pension Plan	£7,745	£7,491
Range £70,000 – £80,000		
Number of employees	-	1
Employer's contributions to Group Personal Pension Plan	-	£4,391
Range £90,000 – £100,000		
Number of employees	1	1
Employer's contributions to Group Personal Pension Plan	£5,802	£5,700
Range £100,000 and above		
Number of employees	1	-
Employer's contributions to Group Personal Pension Plan	£6,033	-

17 COMMITMENTS UNDER OPERATING LEASES

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

	2020	2019
	£	£
Due within one year	10,005	-
Due between two and five years	40,022	-
Due after five years	302	-
Total	50,329	-

Commitments under operating leases consist of the multi-function devices in both the staff and member areas. The operating lease expense in the year was £9,213 (2019: Nil).

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

	2020	2019
	£	£
Net income/(expenditure)	(875,924)	2,378,141
Depreciation	219,244	235,366
(Gains)/losses on investments	567,968	(808,349)
Dividends, interest and rent from investments	(318,991)	(309,603)
Decrease/(increase) in debtors	(391,112)	89,178
(Decrease)/increase in creditors	(22,007)	28,340
Pension contributions less expense recognised	(250,000)	(176,000)
Net cash flow from operating activities	(1,070,822)	1,473,073

19 PRIOR YEAR ANALYSIS OF FUNDS

	B/fwd	Income	Expenditure	Revaluations	Transfers	C/fwd
	01 April 18	2019	2019	2019	2019	31 March 19
	£	£	£	£	£	£
<u>Unrestricted funds</u>						
Designated funds						
Tangible fixed assets	18,320,140	-	(235,366)	-	71,750	18,156,524
Investment properties	885,833	-	-	-	132,349	1,018,182
Tom Stoppard Innovation Fund	942,889	-	-	-	754,743	1,697,632
Total designated funds	20,148,862	-	(235,366)	-	958,842	20,872,338
Free reserves	3,427,466	4,517,973	(3,954,884)	478,588	(922,271)	3,546,871
Subtotal Operating Fund	23,576,328	4,517,973	(4,190,250)	478,588	36,571	24,419,210
Pension reserve	(972,000)	-	176,000	340,000	-	(456,000)
Total unrestricted funds	22,604,328	4,517,973	(4,014,250)	818,588	36,571	23,963,210

	B/fwd 01 April 18	Income 2019	Expenditure 2019	Revaluations 2019	Transfers 2019	C/fwd 31 March 18
	£	£	£	£	£	£
<u>Restricted funds</u>						
Development Appeal Fund	214,117	15,859	(1,198)	165	1,263	230,206
The London Library Trust	323,351	10,231	(75,376)	250	3,879	262,335
Supported memberships	-	3,781	(3,781)	-	-	-
Emerging Writers Programme	-	33,400	-	-	-	33,400
Staff Benefit Fund	53,156	-	-	3,542	-	56,698
Drue Heinz Literary Fund	-	102,565	(102,565)	-	-	0
Westminster School Memberships	-	946	(3,692)	-	2,747	0
Julio and Maria Marta Núñez Memorial Fund	7,081	4,159	(946)	-	-	10,294
St James's Stack appeal	-	116,312	(76,994)	-	(39,318)	0
Other restricted funds	4,559	194	(4,753)	-	-	(0)
Total restricted funds	557,337	282,443	(289,042)	44,739	(36,571)	558,907
<u>Endowment funds</u>						
Drue Heinz Literary Fund	2,943,628	1,066,667	-	246,208	-	4,256,503
Jaqueline Golden Endowment	313,004	-	-	26,180	-	339,184
Westminster School Memberships	27,138	-	-	2,270	-	29,408
Julio and Maria Marta Núñez Memorial Fund	112,280	6,000	-	10,365	-	128,645
Total endowment funds	3,396,050	1,072,667	-	285,022	-	4,753,739
Total funds	26,557,715	5,873,083	(4,303,292)	1,148,349	-	29,275,855

20 PRIOR YEAR NET ASSETS BY FUND

	Unrestricted 2019	Restricted 2019	Endowment 2019	Total 2019
	£	£	£	£
Tangible fixed assets	18,156,524			18,156,524
Investment properties	1,018,182			1,018,182
Financial investments	2,433,252	469,311	4,753,739	7,656,302
Debtors and prepayments	764,422			764,422
Bank balances and cash in hand	3,098,289	89,596		3,187,885
Creditors: due within one year	(425,119)			(425,119)
Creditors: due after more than one year	(626,341)			(626,341)
Pension liability	(456,000)			(456,000)
Net assets	23,963,209	558,907	4,753,739	29,275,855

The trustees are grateful to all our supporters - those names we are reporting here and those who have given anonymously - for their generous contributions to The London Library during the year ended 31 March 2020.

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

Year	Membership income £	Investment income £	Other income £	Library expenses £	Net surplus/ (deficit) £
2011	2,496,530	227,826	815,023	2,766,310	773,069
2012	2,575,253	241,450	413,897	2,953,277	277,323
¹ 2013	2,496,969	221,508	667,319	3,120,858	264,938
2014	2,528,553	155,660	1,077,265	3,533,839	227,639
² 2015	2,574,858	192,790	436,981	3,655,904	(451,275)
2016	2,581,850	202,546	517,238	3,830,321	(528,687)
2017	2,662,734	185,302	950,561	4,066,160	(267,563)
2018	2,686,485	181,191	1,402,045	4,043,015	226,706
2019	2,706,247	184,613	1,627,113	4,014,250	503,723
2020	2,782,375	163,704	682,651	3,968,313	(339,582)

¹ From 2013 some investment income and expenditure are reallocated to endowment funds (excluded from these figures)

² Re-stated for new Charities SORP (FRS102) and changes to accounting policies

LIBRARY FUNDS

¹ Year	Free reserves (excluding Pension Reserve) £000	Pension Reserve £000	Free reserves (including Pension Reserve) £000	Designated funds# £000	Total unrestricted £000	Restricted funds £000	Endowment funds £000	Total funds £000
2011	3,373	(917)	2,456	21,686	24,142	1,662		25,804
² 2012	4,291	(1,815)	2,476	21,690	24,166	616	1,437	26,219
2013	4,653	(1,871)	2,782	22,099	24,881	676	1,830	27,387
³ 2014	4,940	(1,495)	3,445	20,148	23,593	586	1,893	26,072
³ 2015	4,834	(1,661)	3,173	19,936	23,109	587	1,999	25,695
2016	4,258	(1,633)	2,625	19,652	22,277	501	2,601	25,379
2017	4,367	(1,333)	3,034	19,415	22,449	608	3,353	26,411
2018	3,427	(972)	2,455	20,149	22,604	557	3,396	26,557
2019	3,547	(456)	3,091	20,872	23,963	559	4,754	29,276
2020	2,975	(588)	2,387	20,730	23,116	545	4,357	28,018

Including tangible fixed assets and investment properties

¹ Financial year ended 31 March

² 2012 figures re-stated in respect of Drue Heinz Literary Fund (reclassified as endowment)

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

MEMBERSHIP AT YEAR-END

	Numbers at 31 March	
	2020	2019
Ordinary members	4,185	4,184
Spouse/partner members	308	280
Young Person members	557	448
Supported members (Trust/Byelaw 9)	294	326
Institutional members	172	163
Remote Access*	116	Nil
Associate (off peak)*	96	Nil
Subtotal annual members	5,728	5,401
Life members	1,184	1,191
EWP	38	
Total	6,950	6,592

10-YEAR SUMMARY OF MEMBERSHIP

Year	MEMBERS			
	Number at year-end	New members during year	Withdrawals during year	Increase/ (Decrease)
2010	6,764	491	(725)	(234)
2011	7,137	984	(611)	373
2012	7,155	839	(821)	18
2013	7,147	819	(827)	(8)
2014	7,009	745	(883)	(138)
2015	6,708	697	(998)	(301)
2016	6,613	692	(787)	(95)
2017	6,569	747	(791)	(44)
2018	6,509	774	(834)	(60)
2019	6,592	874	(791)	83
2020	6,950	1,101	(743)	358
Average	6,832	797	(801)	(4)

THE
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FOR ALMOST 40 YEARS The London Library has benefited greatly from the work of its International Friends. This is a body administered from New York under a volunteer board of directors, and it is registered for tax-exemption privileges in connection with its charitable activities in support of the Library. Library members and other friends based outside the UK have made many generous donations through the International Friends, with recent gifts given to help support the Emerging Writers 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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