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# Annual Accounts 2008/09

# TRUSTEES' ANNUAL REPORT 2008/09 Financial Review

#### Constitution

The British Library was established under Section 1(1) of the British Library Act 1972 (the Act) as the national library of the United Kingdom. Section 1(2) of the Act placed it under the control and management of the British Library Board, the duty of which is to manage the Library as a national centre for reference, study and bibliographical and other information services, in relation both to scientific and technological matters and to the humanities. The British Library is a Non Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport and has exempt charitable status. The British Library Board is not constituted as a Trustee Board; however the Statement of Recommended Practice (SORP) 2005 Accounting for Charities convention of referring to Trustees has been followed in the Accounts.

#### **Objectives**

Under Sections 1(3) and 1(4) of the Act the Board is required to make the services of the British Library available to the public (in particular to institutions of education and learning, other libraries and industry). It may carry out and sponsor research, contribute to the expenses of library authorities or other persons providing library facilities, and make any part of its collections, or of its premises, available in connection with events of an educational, literary or cultural nature. Under Section 2, the Schedule to the Act empowers the Board to impose charges for any services provided, or for the loan or use of any item from its collections subject to the approval of the Secretary of State for Culture, Media and Sport.

#### **Board membership**

Details of Board members who served between 1 April 2008 and 31 March 2009 are as published in the Annual Report.

#### **Accounting conventions**

The basis on which the accounts have been prepared is stated on page 53 at note 1a.

#### Financial results

The Accounts provide a Statement of the Financial Activities (SOFA) of the British Library during the year ended 31 March 2009. In accordance with Section 5(1) of the Act, as amended by Statutory Instrument 1986 No 600, the Secretary of State paid to the British Library such sums as were necessary to defray expenditure incurred with his approval, so far as that expenditure exceeded the receipts derived from the exercise of the Board's functions and applied in such manner as required by Section 5(2) of the Act.

The Accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) 2005 Accounting for Charities and the HM Treasury Financial Reporting Manual (FREM). A Statement of Financial Activities for the year is set out on page 50. This shows all resources made available to the British Library Board and all expenditure incurred by it and reconciles all changes in its funds.

The British Library has established procedures to ensure the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance are met.

The British Library's income for 2008/09 was £140.5m (£141.1m 2007/08), of which £106.9m (76%) was Grant in Aid (GIA) from the Department for Culture, Media and Sport. £94.8m of this was revenue Grant in Aid, with the balance of £12.1m for capital programmes.

Income from the provision of services rose slightly for the third consecutive year to £24m from £23.1m in 2007/08, and £22.7m in 2006/07. Voluntary Income and Investment Income fell by 18% and 21% respectively on the previous year against very difficult market conditions. Document Supply income, the Library's principal source of commercial revenue, performed strongly during the year but was adversely affected in the final quarter by the downturn in the economy. Voluntary income also declined in a strong competitive environment from £9.8m in 2007/08 to £8m in 2008/09.

The Library further strengthened its efficiency programmes through the continuing use of budgetary control measures and by the introduction of Continuous Improvement programmes across the organisation. As a result there have been significant financial benefits culminating in an overall real terms reduction in budgeted expenditure, and realising substantial improvements to operational process flows.

Major building works at Boston Spa, as part of the Additional Storage Programme, have made good progress. The building is substantially complete and currently undergoing test and commissioning phases. Book ingest is due to start mid 2009.

The Taking Liberties exhibition was opened by the Prime Minister in October 2008 and was the Library's most ambitious to date. The Library's summer exhibition, The Ramayana, attracted 114,458 visitors, an average of 908 per day. The Sacred exhibition, which had initially attracted 200,000 visitors when staged at the Library in 2007, went on tour throughout the UK and was also staged in seven prisons in a programme which started in January 2009. Overall visitors to the Library numbered 581,000 during the year, some 28% above target.

Reading Room usage has continued to grow and further steps taken to handle the extra demand. Total page hits on the British Library website rose to 77 million, an increase of 7 million from the previous year.

Revenue expenditure on acquisitions for the collections was £18.1m (£16.7m 2007/08), and Capital expenditure £2.5m (£2.4m 2007/08).

There was a net decrease in the movement of funds after revaluation in the year of £21.2m, of which £18.9m was due to a decrease in the unrestricted funds and £2.3m on the restricted funds.

#### Reserves

As part of the annual planning and budget setting process, the Trustees review and approve the level of readily available reserves appropriate to the scale, complexity and risk profile of the Library.

Although GIA accounts for around 75% of the Library's income, which provides limited exposure to liquidity risk, the remainder of operational costs must be financed by self-generated income, which is volatile.

The overall objective of the Library's Reserves Policy is to provide continuing assurance that the solvency of the British Library will not be put at risk by short-term variations in income or expenditure levels and to create an appropriate level of resource capability to allow the Library to respond to unforeseen challenges or opportunities arising within a financial year. Levels of unrestricted funds, both current and forecast, will be kept under close scrutiny to ensure that they do not fall below the levels necessary to provide an adequate level of cover and are reported on as part of quarterly financial monitoring process. The Reserves Policy and the financial provision to be made within it are reviewed annually by the British Library Board within the context of the assessed financial and business planning environments and taking account of assessed levels of risk.

General Reserves at 31 March 2009 were £6.9m, of which Trustees have identified for specific purposes £3.3m and Free Reserves £3.6m. It is anticipated that £2.5m of the Designated Reserves will be spent within two years. In 2009/10 the Library will aim to hold a minimum of £3.6m in Free Reserves to provide contingency provision, by targeting efficiencies in income and expenditure budgets.

#### **Payment of creditors**

It is the policy of the British Library Board to pay all creditors within 30 days of the invoice date unless there is a specific payment date agreed with the supplier. For the year ended 31 March 2009, 89% of invoices were paid within 30 days (88% 2007/08).

# Bankers, External Auditors, Solicitors and Investment Managers

The following organisations were the Library's principal suppliers of professional financial, legal and investment services during 2008/09:

# Lloyds TSB Bank plc

39 Threadneedle Street London EC2R 8AU

#### **Treasury Solicitor**

1 Kemble Street London WC2B 4TS

#### **Comptroller and Auditor General**

National Audit Office 151 Buckingham Palace Road London SW1W 9SS

#### Legal and General Investment Management Limited

One Coleman Street London EC2R 5AA

#### **Investments**

Legal and General were appointed as the Trust Fund investment manager in November 2006. The Board Investment Committee (BIC) determines the overall investment return objectives and acceptable risk tolerances. The BIC targets an annual Value at Risk of the portfolio so as not to exceed 15% that is a loss which could be expected in one of every six years. The BIC recognises the risk of short-term volatility or longer term depression in values associated with investing in equities and certain other asset classes. To meet these objectives the BIC currently aims to achieve an absolute return from investments of RPI plus 3% on a rolling five-year basis. The performance of the portfolio will be judged against this target.

The year to 31 March 2009 saw an unprecedented decline in global investment markets, particularly in the second half of the year. The continuing impact of the sub-prime mortgage crisis and the onset of UK recession resulted in heavy losses, with fund values down by 13% at December, and 20% by the end of the financial year.

The Board Investment Committee (BIC) met during the year to give oversight to the Library's investment portfolios, to review the Investment Policy and to consider mitigating actions to reduce the impact of the global financial crisis on its Trust Fund investments.

The financial risks relating to investments continue to be managed by:

- a broad asset allocation which minimises the exposure to adverse factors which may affect one or more classes of assets;
- a policy of hedging the currency exposure where the value of underlying assets in any one currency is material;
- maintaining a relatively high liquidity level:
- regularly monitoring investment performance.

Investments held as fixed assets are included at market value at the year-end. The Statement of Financial Activities (SOFA) includes any realisation and unrealised investment gains and losses arising on revaluation and disposals throughout the year.

#### **Equality and diversity**

The British Library Board is an equal opportunities employer and is committed to promoting diversity. The Library employs a Policy and Diversity Manager, an HR Diversity Business Partner and HR Advisor. The Library has six strategic areas of priority of which one is 'Develop our People' and equality and diversity are major drivers.

The Library's policies for recruitment and selection, training, pay, performance management, career development and promotion are in line with its diversity policy and, in this regard, disabled employees are treated the same as all other staff with respect to their aptitudes and abilities. The Library aims to have a diverse workforce, possessing a complex blend of knowledge and skills in managerial, technical, scholarly and specialist disciplines where individual contributions are valued. The Library has published its Equality Schemes on Disability and Gender and work is being taken forward on progressing the actions plans.

#### Staff sickness data

The absence average for the British Library for the 12 month period ended 31 March 2009 is 6.26 days. This figure is calculated using the number of week days lost over headcount and is based on absence data for all active staff but excluding unpaid absence and maternity leave.

#### **Pensions**

Staff of the British Library are entitled to join one of the Principal Civil Service Pension Schemes (or nuvos scheme for those joining after 30 July 2007) or a partnership pension account (for those joining post 1 October 2002). Full details of pensions and contributions are given in note 6a.

#### **Environmental matters**

The Library needs to provide stable and reliable collection storage while seeking to minimise the impact our buildings and operations have on the world's climate. Some of the measures introduced to help with this include monitoring of energy and utilities consumption patterns, using electricity produced from combined heat and power procured from environmentally responsible suppliers and introducing recycling initiatives across all sites.

#### **Data protection**

Incidents, the disclosure of which would in itself create an acceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

#### TABLE 1:

SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2008/09

Date of incident (month)	_
Nature of incident	No incidents reported
Nature of data involved	_
Number of people potentially affected	_
Notification steps	-

#### Further action on information risk

The British Library will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.

#### Planned steps for the coming year include:

- A review of existing procedures to ensure that appropriate security measures are implemented by service providers and partners;
- A review of existing measures to ensure that new processes and initiatives take information risk into account.

#### Statement on Information Risk

As part of its regular review of approaches and controls to protect its information assets, the Library has introduced a range of initiatives which included encryption software and a secure means of transferring data files by email. These measures were further supported by the publication of an Information Charter which sets out the standards the Library follows when handling personal data.

During 2009/10 the Library will continue its ongoing programme to identify and review the management of its information assets and to foster a culture which values, protects and uses information for the public good.

#### TABLE 2:

SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2008/09

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Nature of incident	Total
Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	1
Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	_
Insecure disposal of inadequately protected electronic equipment, devices or paper documents	_
Unauthorised disclosure	_
Other	_
	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises  Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises  Insecure disposal of inadequately protected electronic equipment, devices or paper documents  Unauthorised disclosure

#### Communications with employees

The Library is committed to developing effective communications between all employees in order to keep them informed, motivated and able to support the Library's users. Main communications channels include a staff newsletter, team briefing system and employee Intranet. PC terminals are available in common areas for staff not based at desks to provide access to the Library's Intranet.

#### Key objectives

Details of the Library's strategic priorities can be found in the Annual Report.

#### Related party transactions

Details of related party transactions are disclosed on page 67 at note 22.

#### Code of best practice on corporate governance

A Statement on Internal Control is included on pages 46 to 48 and the Library has achieved full compliance in this respect, as at March 2009.

So far as the Accounting Officer and Board are aware, there is no relevant audit information of which the British Library's auditors are unaware, and the Accounting Officer and Board have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the British Library's auditors are aware of that information.

SIR COLIN LUCAS CHAIRMAN 23 JUNE 2009

Lyne Bridley

DAME LYNNE BRINDLEY DBE ACCOUNTING OFFICER 23 JUNE 2009

#### REMUNERATION REPORT

# The Remuneration policy for the Library's senior managers is set by the Board's Remuneration Committee. The current terms of reference for the Committee are as follows:

- 1. The Remuneration Committee is a main committee of the Board without executive powers, comprising three non-executive Board members and chaired by an independent non-executive Board member. The Committee reports to the Board.
- **2.** Members of the Committee are appointed by the Board.
- **3.** The Director of Human Resources acts as Secretary to the Committee.
- **4.** At the request of the Chairman of the Committee, the Chief Executive and other Executives of the Library may be in attendance at meetings of the Committee, or for selected agenda items. No Executive of the Library will be in attendance or play any part in discussions and decisions about their own remuneration.
- **5.** The Committee is able to obtain external professional advice and, if necessary, to invite external advisors to its meetings.
- **6.** The Committee normally meets twice a year.
- **7.** The quorum necessary for the transaction of business shall be two.
- **8.** Minutes of Committee meetings will be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.
- **9.** The Committee fulfils the following responsibilities:
- (i) to keep under continuous review the terms and conditions of the Chief Executive
- (ii) to undertake an annual review of the Chief Executive's salary and performance bonus and make recommendations to the Board
- (iii) to consider the recommendations of the Chief Executive in relation to the annual review of the salary and performance bonuses of the Executive Team and similarly for any other equivalent paid senior staff
- (iv)to represent the Board in relation to considerations relating to the terms and conditions of all other Library employees

- (v) to carry out any other review, and make any other recommendations, which in its opinion, or at the request of the Chief Executive, it believes to be relevant to the Board's statutory responsibilities in relation to the terms and conditions of the Library's employees.
- **10.** The Committee will, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- **11.** The current members of the Remuneration Committee are:

Sheila Forbes (Chair)
Sir Colin Lucas
Professor Robert Burgess
Dawn Airey
In attendance: Mary Canavan (Secretary)
Director of Human Resources
Dame Lynne Brindley (Chief Executive)

In reaching its decisions, the Committee has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving the public services including the requirement to meet the outputs and levels of performance that the Library is expected to deliver in order to achieve ministerial objectives;
- the funds available to the Library;
- the Government's inflation target.

The Remuneration Committee is informed in its decisions by external benchmarking and through the Library's performance management process. The Chief Executive and members of the Executive Team are eligible for contractual non-consolidated annual bonus payments; in the case of the Chief Executive this is up to 25% of basic salary with up to 3% available for consolidation for pension purposes. Members of the Executive Team are eligible for non-consolidated annual bonuses of up

to 10% of basic salary and in addition are eligible for a share of an annual team bonus of £24,000 based on the achievement of four corporate key performance objectives. In addition they are also eligible for a share of an additional discretionary sum of £6,000 if the Remuneration Committee considers that a high level of performance has been achieved.

The Remuneration Committee considers the achievement of objectives of individuals in the Executive Team in respect of the team bonus and of the Chief Executive.

#### Service contracts

Although members of Library staff are not civil servants, appointments are made in accordance with the Civil Service principle that requires appointments to be on merit and on the basis of fair and open competition.

The Library's senior managers covered by this report hold appointments which are open ended until they reach the normal retiring age, which since 1 October 2006 is age 65. However those in post prior to 1 October 2006 have a contractual right to retire at age 60, should they choose to do. The Chief Executive has a six month notice period; other senior managers have a three month notice period. All are members of the Principal Civil Service Pension Scheme and, as such, early termination of their contract would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

#### Salary and pension entitlements (audited)

Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

No taxable benefits in kind were received by the Executive Team and Chairman.

#### THE REMUNERATION PAID AND PENSION ENTITLEMENTS OF THE EXECUTIVE TEAM AND CHAIRMAN

		Remuneration	Real increase	Total accrued	Ca	sh Equivalent Trans	sfer Value
		paid to 31 March	in pension at age 60	pension at age 60 as at 31 March	CETV as at 1 April <sup>1</sup>	CETV as at 31 March	CETV real increase
Sir Colin Lucas, Chairman	2008/09 2007/08	35 – 40 35 – 40	£000	£000	£000	£000	£000
Dame Lynne Brindley DBE, Chief Executive	2008/09	190 – 195 175 – 180	0-2.5 (Plus lump sum of 2.5 – 5) $2.5-5$ Plus lump sum of 2.5 – 5	65 – 70 150 – 155 60 – 65 145 – 150	1,350 1,211	<b>1,468</b> 1,448	21
Richard Boulderstone, Director	2008/09	130 – 135	2.5 - 5	20 – 25	307	374	27
	2007/08	115 – 120	2.5 - 5	15 – 20	238	315	27
Mary Canavan, Director	2008/09	120 – 125	0 - 2.5	50 – 55	729	803	18
	2007/08	105 – 110	0 - 2.5	45 – 50	662	780	21
Jill Finney, Director	2008/09	115 – 120	0 - 2.5	10 – 15	188	214	25
[Resigned 20 February 2009]	2007/08	120 – 125	0 - 2.5	10 – 15	149	200	24
Steve Morris, Director	2008/09	135 – 140	0 - 2.5	50 – 55	721	796	20
	2007/08	125 – 130	0 - 2.5	45 – 50	642	773	25
Philip Spence, Director	2008/09	115 – 120	0 – 2.5	0 – 5	34	53	13
	2007/08	105 – 110	0 – 2.5	0 – 5	9	33	19
Ronald Milne, Director	2008/09	110 – 115	0 – 2.5	35 – 40	570	621	6
	2007/08	100 – 105	35 – 37.5	35 – 40	4	604	596

<sup>1</sup> The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

#### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

#### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

SIR COLIN LUCAS CHAIRMAN 23 JUNE 2009 DAME LYNNE BRINDLEY DBE ACCOUNTING OFFICER 23 JUNE 2009

Lyne Bridley

#### **BOARD AND ACCOUNTING OFFICER'S RESPONSIBILITIES**

The British Library's Management Statement and Financial Memorandum with DCMS sets out the roles and responsibilities of the Board, the Chair and the Accounting Officer. It includes the following points:

- Board members have a corporate responsibility to the Secretary of State for ensuring that the Library fulfils the aims and objectives set out in legislation and complies with any statutory or administrative requirements for the use of public funds.
- The Chair is responsible to the Secretary of State, on behalf of the Board, for ensuring that where appropriate the Library's policies are consistent with those of the Secretary of State, and that the Library's affairs are conducted with probity. (S)he will ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their other duties, rights and responsibilities. (S)he is responsible for advising the Secretary of State of the needs of the Library with a view to ensuring a proper balance of professional and financial expertise.
- The Accounting Officer is personally responsible for safeguarding the public funds for which (s)he has charge, for propriety and regularity in the handling of those public funds and for the day to day operations and management of the Library. (S)he should act in accordance with the terms of the Management Statement and Financial Memorandum and with the instructions and guidance in *Managing Public Money* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office in particular, the Treasury documents *The Responsibilities of an NDPB Accounting Officer and Regularity and Propriety*.

SIR COLIN LUCAS CHAIRMAN 23 JUNE 2009 DAME LYNNE BRINDLEY DBE ACCOUNTING OFFICER 23 JUNE 2009

Lyne Bridley

#### STATEMENT ON INTERNAL CONTROL - 2008/09

#### 1. Scope of responsibility

In line with the responsibilities as set out above, the Chair, on behalf of the Board, is responsible for ensuring that appropriate arrangements exist to implement and maintain the Library's internal control framework. The Accounting Officer is responsible for making sure that a sound system of internal control exists and is maintained and that the public funds and assets for which she is personally responsible are safeguarded in accordance with the responsibilities assigned to her in Managing Public Money; and ensuring compliance with the requirements of the British Library's Management Statement and Financial Memorandum.

# 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of British Library policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the British Library for the year ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

### 3. Capacity to handle risk

The Library is regardful of its responsibility for the stewardship of its unique collections. As part of our commitment to transparent reporting, we have set out below some of the key actions taken to manage the risks faced in that context. Activities undertaken this year include:

#### Internal audit reviews to confirm robust controls

2008/09 was the second of a three-year strategic internal audit plan. 30 assurance reviews took place during the year of which 15 received 'substantial' assurance ratings,

10 received 'adequate' assurance ratings and five received 'limited' assurance ratings. Two of the 'limited' assurance reviews were in areas in which management had previously identified concerns, Payment Card Industry (PCI) compliance and data security. Comprehensive action plans are now in place to implement all recommendations.

1% of recommendations made in 2008/09 were categorised as 'fundamental' compared to 3% in 2007/08.

For the 12 months ended 31 March 2009, based on the work undertaken, Internal Audit provided a positive opinion regarding the adequacy and effectiveness of the British Library's arrangements for governance, risk management and control. The Internal Audit Assurance Statement is based on a red, amber and green traffic light rating. A 'green' rating was awarded to each of the three categories for 2008/09

#### Progress on Collection Security Steering Group

The Collection Security Steering Group (CSSG), chaired by the Director of Human Resources and reporting to the Executive Team, exercises cross-Directorate oversight over the development of the Library's corporate collection security policy and collection security strategy, reviews implementation of the Collection Security Plan, and reviews the effectiveness of the Library's collection security control processes. The Board Audit Committee receives an annual stewardship report from the Chair of CSSG.

The Collection Security Operational Group (CSOG) was set up during the year as an advisory body which investigates, proposes and monitors the implementation of policy to protect the collection against loss.

During the year a total of 960 members of staff undertook a training course covering the key elements of collection security.

The Library's Internal Auditors reviewed progress on the recommendations made in the 2004/05 Audit of Collection Security and confirmed in a report to BAC that progress detailed by the Chair of CSSG was accurate.

#### Business continuity planning

Integrated Risk Management has continued the progress on business continuity planning. All directorates have participated in a business impact analysis to determine time sensitive business activities. Further planning exercises to test and refine all business continuity plans have taken place and work has commenced with the Library's key suppliers to develop their plans to ensure the Library's key services can be maintained during unexpected situations.

#### Developing counter fraud strategy, policy and control

Following the discovery of the theft and mutilation of collection items, an investigation was undertaken by Library staff and the Metropolitan Police leading to the conviction of an individual on ten counts of theft from the British Library with a further 20 charges taken into account. This underlines the Library's zero tolerance towards fraud, and the continual review and update of security arrangements played an important part in securing this conviction. The accused was sentenced to two years' imprisonment. A number of the items stolen have since been recovered and civil proceedings are under way to recover further items and to seek financial compensation.

#### Financial risks in light of the 'credit crunch' and difficulties in the banking sector

Subsequent to press reports of Public Sector bodies having invested funds 'at risk' with Icelandic and other banks, the Library was able to confirm to the Board Investment Committee (BIC) that the British Library had no funds invested with such banks. The extraordinary predicament which the banking industry had experienced highlighted the risks of financial security in the sector and the BIC received practical advice on managing its investments. An Internal Audit review of Treasury Management gave substantial assurance that the controls upon which the organisation relies to manage this area are effective.

#### Providing assurance across major programmes and projects

The Business Assurance and Review team have built on the good principles of project management within PRINCE2 and introduced the Office of Government Commerce (OGC) framework of 'Managing Successful Programmes' (MSP). OGC Gateway reviews have taken place on four major programmes; British Library Centre for Conservation, Newspaper Programme, Digital Research Centre and Digital Library Programme. This level of assurance is enhanced by internal health check reviews of smaller projects and a new process for reporting on programmes to the Executive Team.

#### Annual stewardship reports

The Board Audit Committee received annual stewardship reports on the Health and Safety, Security, Freedom of Information, Data Protection, and Pension Scheme activity as well as a formal report on the stewardship of the Library's collections.

#### 4. The risk and control framework

The Library's risk management policy was endorsed by the Board in May 2008 and seeks to meet the requirements in paragraph 2 and to embed the identification and management of risk within its strategic and operational plans. The approach adopted meets the requirements of the HM Treasury guidance on Management of Risk – A Strategic Overview ('The Orange Book') and is enhanced with best practice from other organisations as opportunities arise.

Risks are assessed against estimation criteria approved by the Board and reviewed on a regular basis. These criteria cover the potential impact of the risk and the likelihood of its occurrence. The identified risk is considered for its effect on the achievement of strategic, operational, financial or reputational objectives and whether it is external or internal.

Risks are managed in accordance with an agreed approach decided for each risk ranging from terminating the risk, through

possible reduction measures, acceptance and ongoing monitoring.

The Library's major areas of risk identified by this process are its funding streams, its adaptability to changing market conditions and its management of the impacts of legislation.

Each level of the Library has a responsibility for risk awareness and management. Risk reviews are carried out on a regular basis by the assigned manager responsible.

In conjunction with Internal Audit, further progress has been made in improving the identification, reporting and management of risk. Workshops and presentations have taken place and specialist risk management software procured to improve the quality, effectiveness and availability of information to users across the Library.

#### Risks are reviewed:

- Annually by the Board;
- Half yearly by the Executive Team in the context of the Business Plan;
- By the Board Audit Committee at each of its meetings;
- By the Executive Team on an exception basis;
- By Directorate Management teams for their own subset of risks.

At the end of the financial year, each director completes a declaration that they have reviewed and are managing all identified risks within their Directorate.

#### Managing information risk:

As part of its regular review of approaches and controls to protect its information assets, the Library has introduced a range of initiatives which included encryption software and a secure means of transferring data files by email. These measures were further supported by the publication of an Information Charter which sets out the standards the Library follows when handling personal data.

During 2009/10 the Library will continue its ongoing programme to identify and review the management of its information assets and to foster a culture which values, protects and uses information for the public good.

#### 5. Review of effectiveness

In line with the responsibilities set out above, the Accounting Officer is advised on the implications of the result of the reviews of the effectiveness of the system of internal control by the Board and the Board Audit Committee, and plans to address weaknesses and ensure continuous improvement systems are put in place as necessary.

Additional assurance is gained from:

#### Internal audit

An annual internal audit programme is drawn from the three-year programme which has been developed based on the risk register.

#### External audit

Our review of the effectiveness of the system of internal control is also informed by comments and recommendations made by the National Audit Office in their annual management letter and other reports.

#### Board

The Board is responsible for confirming that the risk management approach will aid the achievement of policy aims and for advice and guidance on proposals.

#### **Board Audit Committee (BAC)**

The Board Audit Committee advises the Board on:

- the strategic processes for risk, control and governance;
- the accounting policies and the accounts of the organisation;
- the planned activity and results of both internal and external audit; and
- the adequacy of management response to issues identified by audit activity.

The members of BAC, being non-executive members of the British Library Board, are:

- Sir Kenneth Calman (Chair)
- E Mackay CB
- Lord Fellowes
- B Smith (from 1 May 2009)

#### STATEMENT ON INTERNAL CONTROL 2008/09

The Chief Executive, the Director of Finance and Corporate Services, and the Compliance Officer are in attendance at BAC meetings, and representatives of the Library's internal and external auditors are also in attendance. The Board Secretary is Secretary to the BAC.

BAC approves the three-year Strategic Internal Audit Plan and Annual Operational Internal Audit Plans. It receives reports on the reviews completed and monitors progress made in completing the annual internal audit plan and also advises the Board on the appointment of the institution's internal auditors. It also reviews, and advises the Board on, the Library's statutory accounts prior to their formal sign off by the Chief Executive and the Board Chairman.

#### Capital Projects Committee (CPC)

The Capital Projects Committee, a sub-committee of the Board, assists the Board of the British Library to satisfy itself as to the adequacy and effectiveness of the arrangements for project management of the Library's multi million pound capital construction projects, currently the Additional Storage Programme (ASP) and the Newspaper Programme. The Committee meets four times a year and reports regularly to the Board.

The current members of CPC:

- E Mackay CB (Chair)
- R Broadhurst
- Dame L J Brindley DBE
- Professor K Mcluskie
- P Goffin (External member with relevant professional expertise)

#### **Board Investment Committee (BIC)**

The Board Investment Committee, a sub-committee of the Board chaired by Sir Colin Lucas, assists the Board of the British Library to satisfy itself as to the adequacy and effectiveness of the Library's investments. The Committee recommends to the Board the appointment of Investment Managers, receives investment reports and reviews performance, and formulates and keeps under review investment policy and strategy taking due account of associated areas of risk. The Committee met twice during the year.

The current members of BIC:

- Sir Colin Lucas (Chairman)
- E Mackay CB
- R Broadhurst
- Dame L J Brindley DBE
- D Truell (External member with relevant professional expertise)

#### **Executive Team**

The Executive Team is responsible for operational management and for risk review in their own areas of responsibility and for championing the required culture change. Each Director is required to support the Accounting Officer by submitting a Self Certificate confirming that the Library's systems of internal control have been applied through the year in the areas under their control.

#### Managers

Managers at all levels are responsible for ensuring that controls are applied and that risks to their activities are identified, recorded, assessed and managed on an agreed basis. They flag these risks and any issues through their appropriate Directorate Finance Manager.

SIR COLIN LUCAS CHAIRMAN 23 JUNE 2009

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DAME LYNNE BRINDLEY DBE ACCOUNTING OFFICER 23 JUNE 2009

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify that I have audited the financial statements of the British Library for the year ended 31 March 2009 under the British Library Act 1972. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### Respective responsibilities of the Board, Chief Executive and auditor

The Board and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements in accordance with the British Library Act 1972 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Board and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the British Library Act 1972 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Financial Review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the British Library has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the British Library's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the British Library's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises all sections of the Annual Report except for the Financial Review and the unaudited parts of the Remuneration Report.

I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

#### Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Board and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the British Library's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament

have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

#### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the British Library Act 1972 and directions made thereunder by Secretary of State, of the state of the British Library's affairs as at 31 March 2009 and of its incoming resources and application of resources for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the British Library Act 1972 and Secretary of State directions made thereunder; and
- information, which comprises the Financial Review, included within the Annual Report, is consistent with the financial statements.

#### Opinion on regularity

In my opinion, in all material respects, incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

#### Report

I have no observations to make on these financial statements.

AMYAS C E MORSE COMPTROLLER AND AUDITOR GENERAL 9 July 2009

National Audit Office 151 Buckingham Palace Road Victoria, London SWIW 9SS

# THE BRITISH LIBRARY BOARD Statement of financial activities

#### FOR THE YEAR ENDED 31 MARCH 2009

Incoming resources	Notes	Unrestricted funds £000	Restricted funds £000	Total 2008/09 £000	Total 2007/08 £000
Incoming resources from generated funds					
Voluntary income	2	1,245	6,748	7,993	9,789
Investment income Incoming resources from charitable activities	4	665	827	1,492	1,878
Provision of services Other incoming resources	3	21,011	3,019	24,030	23,076
Grant in Aid	5	106,947	-	106,947	106,411
Total incoming resources		129,868	10,594	140,462	141,154
Resources expended					
Costs of generating funds Costs of generating voluntary income		775	_	775	588
Investment management costs		775	13	13	11
Charitable activities					
Enrich the user's experience		45,963	678	46,641	41,894
Build the digital research environment		4,931	6,346	11,277	6,214
Transform search and navigation		6,162	76	6,238	6,464
Grow and manage the national collection		75,259	2,766	78,025	83,472
Governance costs		464	13	477	461
Total resources expended	6	133,554	9,892	143,446	139,104
Net increase/decrease in resources before notional costs and transfers		(3,686)	702	(2,984)	2,050
Notional cost of capital	7	(21,902)	_	(21,902)	(20,929)
Transfer between funds	17	780	(780)	_	_
Net (outgoing)/incoming resources after notional costs and transfers		(24,808)	(78)	(24,886)	(18,879)
Reversal of notional cost of capital		21,902	_	21,902	20,929
Net (outgoing)/incoming resources before recognised gains and losses	8	(2,906)	(78)	(2,984)	2,050
Other recognised gains/(losses)					
Unrealised gain/(loss) from fixed asset investments	11	_	(2,249)	(2,249)	(719)
Revaluation of fixed assets	9	5,314	_	5,314	4604
Current cost adjustment	9	(21,285)	_	(21,285)	46,347
Net movement in funds after revaluation and gains/(losses)		(18,877)	(2,327)	(21,204)	47,678
Reconciliation of funds Fund balances brought forward at 1 April		617,199	22,582	639,781	592,103
'				,	·
Fund balances carried forward at 31 March		598,322	20,255	618,577	639,781

All recognised gains and losses are included within the Statement of Financial Activities and all the Library's activities are classed as continuing. The notes on pages 53 to 68 form part of these accounts.

# THE BRITISH LIBRARY BOARD Balance Sheet

#### FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2008/09	2007/08
		£000	£000
Fixed assets			
Tangible assets	9	552,456	574,585
Heritage assets	10	38,970	35,901
Investments	11	7,613	9,516
		599,039	620,002
Current assets			
Stocks	13	829	829
Debtors and prepayments	14	6,923	9,751
Cash at bank and in hand	15	34,269	31,699
		42,021	42,279
Current liabilities Creditors: amounts falling due			
within one year	16	(20,993)	(20,379)
Net current assets		21,028	21,900
Total assets less current liabilities		620,067	641,902
Provision for liabilities and charges	18	(1,490)	(2,121)
Net assets		618,577	639,781
Represented by:			
Restricted funds Unrestricted funds:	17	20,255	22,582
Fixed Asset reserves	17	567,747	587,426
Donated Asset reserve	17	23,679	23,060
General funds	17	6,896	6,713
Total funds		618,577	639,781

The notes on pages 53 to 68 form part of these accounts.

The financial statements on pages 50 to 52 and accompanying notes on pages 53 to 68 were approved by the Board/Trustees on 22 June 2009, and were signed on their behalf by:

SIR COLIN LUCAS CHAIRMAN 23 JUNE 2009 DAME LYNNE BRINDLEY DBE ACCOUNTING OFFICER 23 JUNE 2009

Lyne Bridley

# THE BRITISH LIBRARY BOARD Cash Flow Statement

### FOR THE YEAR ENDED 31 MARCH 2009

		2008/09		2007/08
	£000	£000	£000	£000
Reconciliation of net movement in funds				
to net cash inflow from operating activities				
Net movement in funds inflow	(21,204)		47,678	
Depreciation	16,688		16,633	
Donated assets	(619)		(1,403)	
Loss on asset disposals	2		11	
Realised (gain) on investments	_		_	
Unrealised loss on investments	2,249		719	
MHCA adjustment net	21,285		(46,347)	
Revaluation of property	(5,314)		_	
Provision for liabilities and charges	(631)		(701)	
(Increase)/decrease in stocks	_		(106)	
(Increase)/decrease in debtors	2,828		397	
Increase/(decrease) in creditors	614		1,106	
Net cash inflow from operating activities		15,898		17,987
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(10,532)		(12,027)	
Purchase of heritage assets	(2,450)		(2,363)	
Purchase of investments	(346)		(288)	
Receipts from sale of tangible fixed assets	_		_	
Receipts from sales of investments	-		_	
Net cash outflow from capital expenditure		(13,328)		(14,678)
Increase in cash in the year		2,570		3,309
Reconciliation of net cash flow				
to movement in net funds				
Increase in cash in the year		2,570		3,309
Net funds as at 1 April		31,699		28,390
The raines as at 17 pm		31,000		20,330
Net funds as at 31 March		34,269		31,699

Net funds comprise cash at bank, cash in hand and short-term deposits.

# NOTES TO THE ACCOUNTS

# 1. Accounting policies

#### a) Accounting convention

The Accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Culture, Media and Sport with the approval of the Treasury, in accordance with Section 5(3) of the British Library Act 1972. A copy of the accounts direction can be obtained from the British Library, 96 Euston Road, London NW1 2DB.

Accordingly, the Accounts have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities, issued March 2005, (the 'SORP'), the Charities Act 1993, the Charities (Accounting and Reports) Regulations 2005, the Financial Reporting Manual and generally accepted accounting practice so far as considered appropriate or as modified by Treasury guidance.

In addition, modified historic cost accounting has been utilised to more fairly represent the current cost of the Library's most significant assets, where the comparison with historic values shows a material difference.

#### b) Incoming resources

Grant in Aid received from the DCMS is allocated to unrestricted funds in the year to which it relates.

Provision of Services income is recorded on an accruals basis and is shown net of Value Added Tax.

Donations are included in the Statement of Financial Activities on a cash received basis, or where they are assured with certainty and receivable by the Balance Sheet date.

UK Grants from government bodies, funds from the EU and other grants are recognised in the Library's accounts in accordance with the grantor's terms and conditions.

Investment income relates to interest received on daily bank balances and dividends from the Fixed Asset Investments. These are recorded on an accruals basis.

### c) Taxation

The British Library Act 1972 states that 'the Board shall be a body corporate and that,

for the purposes of the Charities Act 1960, the Board shall be an exempt charity'. The British Library enjoys exemption under the Income and Corporation Taxes Act 1988 for profits from primary purpose trading activities as an exempt charity.

#### d) Valuations

Regular professional valuations of land and property are carried out, having regard to the importance of the estate to the operation of the department, but in any event, at least once in every five years.

#### e) Fixed assets

The threshold for capitalising assets is £10,000.

In accordance with the Financial Reporting Manual, additions to the collection acquired since 1 April 2001 are capitalised and recognised in the Balance Sheet under Heritage Assets. The cost or value of the acquisition is used, where such a cost or valuation is reasonably obtainable. Such items are not depreciated or revalued. Collection items with values below the capitalisation threshold are written off when the expenditure is incurred.

Depreciation is provided on all intangible and tangible fixed assets costing £10,000 and above, other than freehold land and collection items. Depreciation rates are calculated to write off the cost or valuation of each asset, less estimated residual value, evenly over its expected useful life, as follows:

#### Freehold buildings

Over the remaining useful life as at the valuation date, up to a maximum of 50 years.

#### Leasehold buildings

Over the lease term, up to a maximum of 25 years.

Plant and machinery, office and computer equipment 3 to 20 years.

#### Motor vehicles

4 years.

#### Assets in the course of construction

No depreciation is charged, until the building is operational and supporting the activities of the Library.

#### Intangible/licences

3 years.

#### f) Government grant

Grant in Aid from the Department for Culture, Media and Sport is allocated to general purposes and is taken to the Statement of Financial Activities and recognised in the appropriate period.

#### g) Stocks

Stocks are stated at the lower of cost or net realisable value. Provision is made against slow-moving and obsolete stock. Any stocks of consumables held are considered written off at the time of purchase.

Stocks held in respect of book binding activities are recorded at cost. As this stock is not of a general nature it would not be cost effective to test the realisable value in determining which provides the lower valuation.

#### h) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end, unless a corresponding forward exchange contract is in place. Transactions in foreign currencies are translated at the rate ruling at the time of the transaction. All exchange differences are taken to the Statement of Financial Activities.

#### i) Operating leases

Costs relating to operating leases are charged to the Statement of Financial Activities (SOFA) over the life of the lease.

#### j) Fund accounting

General funds are available for use at the discretion of the Board in furtherance of the general objectives of the Library.

Designated Funds comprise unrestricted funds that have been set aside by the Trustees for the particular purposes.

Restricted funds are resources subject to specific restrictions imposed by donors or by the purpose of the appeal.

Restricted funds are charged for any Library services they utilise.

#### k) Notional costs

In accordance with Treasury guidance, a notional cost of capital of 3.5% is charged to the Statement of Financial Activities (SOFA) in arriving at a net incoming/ (outgoing) resources figure.

#### I) Financial Instruments

The Library has applied FRS 25 Financial Instruments: Presentation, FRS 26 Financial Instruments: Recognition and Measurement and FRS 29 Financial Instruments: Disclosure for the first time in 2008/09.

#### Financial assets

Financial assets comprise restricted funds which have been invested in unit trusts traded on an active market. These have been classified as available for sale and recognised at fair value, being the bid price on the Balance Sheet date. Income generated is recognised as restricted Investment Income on the SOFA, allocated to the restricted fund which holds the investment and re-invested. Unrecognised gains and losses arising from changes in the fair value are recognised in the SOFA and taken to a Fair Value Reserve. Recognised gains and losses on disposal of investments are recognised in the SOFA.

Trade debtors are recognised at carrying value, reduced by appropriate allowances for estimated irrecoverable amounts.

#### Financial liabilities

Trade creditors are short term and are stated at carrying value in recognition that these liabilities fall due within one year. Customer deposits are stated at cost and are repayable on demand.

#### m) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs as shown in note 6.

- a) Costs of generating funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.
- b) Governance costs include the costs of providing the governance infrastructure that allows the Library to operate including the costs of statutory and internal audit.

## 2. Voluntary income

	2008/09	2008/09	2008/09	2007/08
	Unrestricted	Restricted	Total	
	£000	£000	£000	£000
Bequest to the Eccles fund	_	_	_	445
Donated assets	619	_	619	1,403
Other donations and grants	626	6,748	7,374	7,931
Total Voluntary Income	1,245	6,748	7,993	9,789

The above grants include £1.4m of EU grants.

#### 3. Provision of services

Provision of services includes document supply services and associated activities, computer information search, sponsorship income and retrieval and publications. The provision of services income can be further analysed by both business and geographical segments.

#### A) CLASSES OF BUSINESS

	2008/09 £000	2007/08 £000
Enrich the user's experience Build the digital research environment Transform search and navigation Grow and manage the national collection Other	17,381 1,950 1,748 1,152 1,799	18,350 491 1,725 1,229 1,281
	24,030	23,076

#### B) GEOGRAPHICAL SEGMENTS

	2008/09 £000	2007/08 £000
United Kingdom Overseas	15,648 8,382	15,097 7,979
	24,030	23,076

#### 4. Investment income

	2008/09 £000	2007/08 £000
Interest receivable Dividends receivable	1,132 360	1,579 299
Total interest	1,492	1,878

# 5. Other incoming resources

#### Grant in Aid

Total Grant in Aid drawn down by the British Library Board was £106.9m, with £12.1m being allocated for capital projects/improvements (£106.4m received in 2007/08, £12.1m re capital). This money is available for running costs, capital improvements and collection purchases.

# 6. Net cost of resources expended

	Staff	Other direct costs	Depreciation	Allocated support cost	Total cost	Income	Allocated support	2008/09 Net cost <sup>1</sup>	2007/08 Net cost
	£000	£000	£000	£000	£000	£000	income £000	£000	£000
Direct costs									
Costs of generating funds	563	212	_	_	775	(1)	-	774	578
Investment management fees	_	13	_	_	13	_	_	13	11
Enrich the user's experience	19,308	5,628	373	21,332	46,641	(17,890)	(1,436)	27,315	21,225
Build the digital research environment	2,607	4,438	712	3,520	11,277	(4,891)	(237)	6,149	1,938
Transform search and navigation Grow and manage the national	2,454	885	_	2,899	6,238	(1,775)	(195)	4,268	4,599
collection	17,811	22,931	937	36,346	78,025	(4,643)	(2,447)	70,935	75,549
Governance costs <sup>2</sup>	161	316	-	-	477	-	_	477	461
	42,904	34,423	2,022	64,097	143,446	(29,200)	(4,315)	109,931	104,361
Support costs									
Information systems Corporate services	4,380 20,339	3,081 21,631	26 14,640	(7,487) (56,610)	-	(70) (4,245)	(70) 4,245	-	-
	67,623	59,135	16,688	-	143,446	(33,515)	_	109,931	104,361

In accordance with the SORP 2005 the non-Grant in Aid income and total costs of the organisation have been categorised by the Library's strategic priorities. When costs cannot be directly attributed to one of the Library's objectives, they have been allocated to activities on a basis consistent with the use of resources. The support costs have been allocated using the overhead allocation model in place within the British Library. The model allocates the costs based on usage and percentage expenditure incurred in directly undertaking an activity.

<sup>1</sup> Net cost is calculated by deducting provision of services, donated and investment income from total expenditure.

<sup>2</sup> Governance costs includes the costs of Board Membership remuneration, legal fees, internal and external audit fees, staff costs associated with the preparation of the statutory accounts.

#### A) STAFF COSTS

	2008/09 Library staff £000	Agency £000	Total £000	2007/08 £000
Wages and salaries Social security costs Pension disbursements Voluntary redundancy/restructuring programme for former employees Current year costs Release of provision Provision for future costs	50,806 3,897 9,593 1,030 (1,014) 274	2,705 - - -	53,511 3,897 9,593 1,030 (1,014) 274	52,956 3,587 8,999 1,061 (1,104) 232
	64,586	2,705	67,291	65,731
Board Members' remuneration See (i) on following page	332	-	332	353
	64,918	2,705	67,623	66,084

Staff of the British Library are eligible to become a member of one of the Principal Civil Service Pension Schemes (PCSPS), these being pension schemes that provide retirement and related benefits to all eligible employees. Pension benefits are provided on a final salary basis, at a normal retirement age of 60 except for staff joining after 30 July 2007. These staff will join the nuvos scheme which has a normal pension age of 65 and the benefits are based on earnings throughout a career and then index linked. Benefits accrue, depending upon the pension scheme chosen, at the rate of one sixtieth or one eightieth of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 or 3.5% of pensionable earnings, depending upon the respective scheme the member is in.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the beneficiary receives a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the case of serious ill health.

All staff pay either 1.5 or 3.5% of pensionable earnings to the PCSPS. The rate of 3.5% applies to staff who joined on or after 1 October 2002 and existing staff who have opted for the Premium or Classic Plus pensions, rather than the Classic pension scheme.

The PCSPS is an unfunded multi-employer defined benefit scheme but the British Library is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

Pension disbursements relate to:

The Accruing Superannuation Liability Contributions payable to the Principal Civil Service Pension Scheme in respect of existing eligible employees.

For 2008/09, employers' contributions of £9,516,433 were payable to PCSPS (2007/08 £8,578,744) at one of four rates in the range 17.1 to 25.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full valuation. From 2009/10, the salary bands will be revised but the rates will be in the range 16.7 to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008/09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are paid to one of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of 0.8% of pensionable pay, were payable to PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirements of these employees.

#### i) BOARD MEMBERS' REMUNERATION

		2008/09 £000	2007/08 £000
Fees and salaries		302	319
Social Security costs		30	34
		332	353
Remuneration for non-pensionable	e Board Members:		
Dawn Airey		9.0	8.7
Robin S Broadhurst CBE		9.0	8.7
Professor Robert G Burgess		9.0	8.7
Sir Kenneth Calman		9.0	8.7
Lord Fellowes	From 30/9/07	9.0	4.4
Sheila Forbes CBE		9.0	8.7
Professor Dame Wendy Hall CBE		9.0	8.7
Eileen Mackay CB		9.0	8.7
Dr Kate McLuskie		9.0	8.7
Dr Maggie Semple OBE		9.0	8.7
Simon Olswang	To 31/3/08		8.7
Dr Gareth W Roberts	To 31/12/07		6.5
Sir Henry Boyd-Carpenter KCVO	To 29/9/07		4.4
		90.0	102.3

The Board Members remuneration total above includes all Board members, the Chairman, the Chief Executive and the list of Board members below. Details of the Chairman and Chief Executive's remuneration can be found in the report on page 44.

No pension contributions were made on behalf of the above Board Members in the year. The Board Members' remuneration is in accordance with The British Library Act.

During the year, a total of £8,800 (£5,700 in 2007/08) has been paid to seven (eight in 2007/08) Board members for travel expenses.

#### ii) SENIOR EMPLOYEES

The following number of employees, excluding the Executive Team (for whom, details of remuneration are contained in the Remuneration Report), members of the British Library Board and the Chairman, received remuneration falling within the following ranges:

	2008/09 No.	2007/08 No.
£60,001 – £70,000	14	11
£70,001 - £80,000	3	7
£80,001 - £90,000	5	3
£90,001 - £100,000	1	-

### THE AVERAGE FULL TIME EQUIVALENT (FTE) STAFF DURING THE YEAR WAS:

			2008/09	2007/08
Staff directly e	mployed	Agency	Total	Total
by the Britis	h Library		(FTE)	(FTE)
Chief Executive's Office	7	_	7	4
e-Strategy and Information Systems	142	1	143	131
Finance and Corporate Services	215	28	243	248
Human Resources	33	2	35	40
Operations and Services	997	19	1,016	1,042
Scholarship and Collections	410	2	412	403
Strategic Marketing and Communications	116	2	121	128
	1,920	57	1,977	1,996

#### B) OTHER DIRECT COSTS

	2008/09 £000	2007/08 £000
Acquisitions for the collections	18,089	16,676
Conservation and binding services	1,912	2,632
Administration, equipment, supplies and services	38,673	36,457
Non-recoverable VAT (net)	459	611
Loss on disposal of fixed assets	2	11
	59,135	56,387

The above table is exclusive of staff costs.

# 7. Notional cost of capital

Notional cost of capital is calculated as 3.5% of the average capital employed in the year, excluding collection assets purchased and donated and is required by the Financial Reporting Manual. The cost for 2008/09 was £21.9m (£20.9m 2007/08).

# 8. Resources expended

### THIS IS STATED AFTER CHARGING:

	2008/09 £000	2007/08 £000
External auditors' remuneration	52	50
Rent on land and buildings	1,358	1,302
Lease/rental payments on equipment	250	237
Depreciation on intangible assets	_	4
Depreciation on other fixed assets	16,688	16,629
Bad debt provision movement	26	(96)
Stock provision movement	(9)	(35)

The auditors' remuneration is for the audit of the Annual Report and Accounts: there was no non-audit work performed during 2008/09.

## 9. Tangible fixed assets

#### A) MOVEMENTS

	Land and buildings	Plant and machinery	Office equipment	Motor vehicles	Computer equipment	AICC	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2008	474,538	156,830	10,277	76	8,131	19,027	668,879
Additions	321	1,898	269	18	1,786	6,240	10,532
Modified Historic Cost Accounting							
(MHCA) adjustment	(21,295)	401	_	_	_	_	(20,894)
Transfer	24,308	_	_	_	_	(24,308)	-
Revaluation	5,314	_	_	_	_	_	5,314
Disposals	-	-	(19)	(17)	(81)	_	(117)
At 31 March 2009	483,186	159,129	10,527	77	9,836	959	663,714
Depreciation							
At 1 April 2008	22,492	56,657	9,899	40	5,206	_	94,294
Charge for year	6,332	9,290	134	17	915		16,688
MHCA adjustment	(57)	448	_	_	_	_	391
Disposals	_	-	(18)	(16)	(81)		(115)
At 31 March 2009	28,767	66,395	10,015	41	6,040	-	111,258
At 31 March 2009	454,419	92,734	512	36	3,796	959	552,456
At 31 March 2008	452,046	100,173	378	36	2,925	19,027	574,585

Assets in the Course of Construction [AICC] represent work on the design, build and planning of two separate projects, being the Additional Storage Building and the Newspaper Strategy Programme at Boston Spa. During the year the construction of the Additional Storage Building was completed, the building was valued as at 31 March 2009 using the 'depreciated replacement cost' and costs reclassified in Land and Buildings.

### B) VALUATIONS

The land and buildings as at 31 March 2009 include two properties valued at £60,678,000 (including the Additional Storage Building which was valued at £26,248,222) on 31 March 2009 and one building, St Pancras, valued at £441,660,000 (including £102.7m of mechanical equipment that has been classified as Plant and Machinery) on 31 March 2005. In addition to the main St Pancras building the St Pancras Centre for Conservation was valued at £17,270,000 on 31 March 2007, for which title has been vested in the British Library Board.

Site		Land	Buildings	Totals
		£000	£000	£000
St Pancras – Main building	Freehold	63,000	378,660	441,660
St Pancras – Centre for Conservation	Freehold	4,500	12,770	17,270
Boston Spa	Freehold	7,660	20,570	28,230
Boston Spa – Additional Storage Building	Freehold	370	25,878	26,248
Colindale Avenue	Freehold	2,100	4,100	6,200
		77,630	441,978	519,608

The St Pancras site was valued as at 31 March 2005 by Drivers Jonas, Chartered Surveyors, using the 'Depreciated Replacement Cost' basis of valuation.

The Boston Spa and Colindale sites were revalued as at 31 March 2009 by Drivers Jonas, using the 'Depreciated Replacement Cost' basis of valuation.

The St Pancras Centre for Conservation was valued as at 31 March 2007 by Drivers Jonas, Chartered Surveyors, using the 'Depreciated Replacement Cost' basis of valuation.

The methodology of valuing properties is in line with HM Treasury and DCMS guidance to Non-Departmental Public Bodies.

#### C) INTANGIBLE FIXED ASSETS

Intangible fixed assets with a cost of £942,000 are now fully amortised, so not shown in a separate note.

# 10. Heritage assets

Heritage assets	Collections purchased	Collections donated	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2008	12,841	23,060	35,901
Additions	2,450	619	3,069
Disposals	-	-	-
At 31 March 2008	15,291	23,679	38,970

In accordance with the FREM, additions to the collection acquired/donated since 1 April 2001 are capitalised and recognised in the Balance Sheet under Heritage assets. Heritage Assets are items held by the Library for preservation and conservation purposes and do not attract any depreciation as they have an infinite life.

Donated assets are valued using an independent valuation.

## 11. Financial assets: Investments

Market value at 1 April Purchases at cost Disposals at book value Acquisitions funded by dividends reinvested Unrealised (loss)	2008/09 £000 9,516	2007/08 £000 9,947
Purchases at cost Disposals at book value Acquisitions funded by dividends reinvested	9,516 –	9,947
	346 (2,249)	288 (719)
Market value at 31 March	7,613	9,516
Analysed by: Listed securities Cash trusts	7,541 72	9,447 69
	7,613	9,516
Geographical analysis United Kingdom investments Overseas investments	7,312 301	9,129 387
	7,613	9,516

Investments are only held for the purpose of the Library's restricted funds, with their aim being to achieve an appropriate balance between income generation and capital growth particular to the fund.

#### 12. Financial Instruments

FRS 29 'Financial Instruments': Disclosures requires entitities to provide disclosures which allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments during the period. The majority of financial instruments relate to contracts to buy non-financial items in line with the Library's expected purchase and usage requirements and the Library is therefore exposed to little credit or liquidity risk. The Library holds a portfolio of quoted investments and therefore is subject to some market risk.

#### Credit risk

The Library is exposed to credit risk of £3.4m of trade debtors. However this risk is not considered significant as major customers are familiar to the Library. The Library has recovered 99% of trade debtors over the last two years. Bad and doubtful debts are provided for on an individual basis. Write-offs in the year for bad debts amounted to £12,911 (£38,153 in 2007/08).

#### Liquidity risk

As around 75% of the cash requirements of the Library are met through Grant in Aid from the Department for Culture, Media and Sport, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The remaining income is self-generated and is volatile. Remote document supply is the major source of self-generated income and performance has been strong in recent years. The Library has sufficient unrestricted funds to cover its current liabilities.

#### Market risk

The Library holds some restricted fund balances in unit trust investments, as shown in note 11, and so is subject to some market risk. An unrealised loss of £2.2m has been recorded this year as a result of the current economic climate and turmoil in the markets. Further decreases in the market value of these investments could have a significant impact on the restricted funds they support, although in the short term the Library does not intend to dispose of the assets therefore any losses will not be realised. Additional information on the Library's Investment Policy is given in the Trustees' Annual Report.

#### Foreign currency risk

The Library has an international customer and supplier base and so is subject to a degree of foreign currency risk. In 2008/09, net foreign currency exchange gains of £0.4m were recognised (£0.2m gain in 2007/08). As part of the Library's Treasury Management Strategy, the risk of fluctuations is managed through a variety of policies including holding bank accounts in foreign currencies to enable us to match our foreign currency transactions as a means of mitigating our currency risk.

#### Interest rate risk

Risks relating to interest rates are managed by budgeting conservatively for investment income. The table below shows the interest rate profile of the Library's financial assets. The benchmark for the Library's floating rate investments is 0.3% below the Bank of England base rate.

#### Investment income profile

The following table shows the interest rate profile of the Library's financial assets. As the Library has no finance leases or loans, financial liabilities have been omitted from this table. The benchmark for the Library's floating rate investments is 0.3% below the Bank of England Base Rate.

	Floating rate £000	2008/09 Cash trusts £000	Listed securities £000	Total £000	2007/08 Total £000
Sterling Dollar Euro Yen	32,340 71 1,830 28	72 - -	7,541 - -	39,953 71 1,830 28	38,163 640 2,361 51
Total	31,699	72	7,541	41,882	41,215

### 13. Stocks

	2008/09 £000	2007/08 £000
Stocks for resale Raw materials	588 241	593 236
Total stocks	829	829

Stocks for resale comprises of printed, microfiche and CD-Rom publications and are available from the British Library Shop and website.

Raw materials stock are items for the conservation of books including leathers, hides and papers.

# 14. Debtors and prepayments

	2008/09	2007/08	
	£000	£000	
Amounts falling due within one year			
Trade debtors	3,393	2,816	
Other debtors	1,635	2,004	
Prepayments and accrued income	1,895	4,931	
	6,923	9,751	

For the purpose of the Whole of Government Accounts (WGA), there is a debtor with HM Revenue and Customs of £1.3m relating to the repayment of VAT.

### 15. Cash at bank and in hand

	2008/09	2007/08
	£000	£000
Restricted funds	12,627	13,256
Monies held on deposit for customers	4,073	4,154
Cash balances	14	13
General funds	17,555	14,276
	34,269	31,699

Customer deposit account balances represent payments from customers in advance of supply of goods/services.

## 16. Creditors

	2008/09	2007/08
	£000	£000
Amounts falling due within one year		
Trade creditors	5,196	3,343
Monies held on deposit for customers	4,073	4,154
Other creditors	3,977	4,017
Accruals	6,647	7,788
Deferred income	406	274
Provisions due within one year	694	803
	20,993	20,379

For the purpose of the Whole of Government Accounts (WGA), there is a creditor with HM Revenue and Customs of £1.3m; this includes £0.3m of employees' NI contributions retained by the Library as part of the PAYE process and the Cabinet Office of £0.9m.

# 17. Statement of funds

	1 April 2008	Transfers to/(from)	Expenditure	Incoming	Realised and unrealised gains and (losses)	As at 31 March 2009
	£000	£000	£000	£000	£000	£000
Inrestricted funds:						
General funds	6,713	281	(133,835)	133,737	_	6,896
Designated funds (fixed assets) Oonated asset reserve	587,426 23,060		(21,285)	826 619	_	566,967 23,679
onateu asset reserve	23,060	_	_	619	_	23,079
Total unrestricted funds	617,199	281	(155,120)	135,182	-	597,542
Restricted funds						
ccles	8,137	(1)	(231)	342	(1,781)	6,466
haw Fund	4,733	-	(200)	307	-	4,840
lanets	1,906	-	(2,288)	1,473	_	1,091
Dingwall No. 2	991	_	(58)	35	(248)	720
ritish Library Digitisation Campaign	_	78	_	546	_	624
Membership/General Donations	410	(78)	_	136	_	468
Centre for Conservation	366	_	11	39	_	416
The Sir John Ritblat Gallery: Treasures of the British Library	316	_	(19)	72	_	369
lenry VIII	- 220	-	(57)	352	- (0)	295
Consolidated Endowment	330	-	(108)	76	(9)	289
ir Henry Thomas	300	-	(1)	11	(70)	240
Greek Manuscripts Digitisation Project	-	_	(19)	251	-	232
Chinese Central Asia database	204	-	(423)	444	_	225
JKRR – Deduplication	162	(20)	(44.6)	216	-	216
ISC: Archival Sound Recordings	162	(38)	(416)	500 6	_	208
uropean Co-operation Fund	174	_	(2.4)	25	-	180
pecial Exhibitions	156	11	(24)		-	168
Codex Sinaiticus	218	_	(107)	33 4		144 136
igot French Acquisitions	132					
ndangered Archives	171	(1)	(670)	631	-	131
Cataloguing Projects Fund Business & IP Centre	179 73	(33)	(48)	29 54	_	127 127
	73 152			54		125
S Blakeney	113	– (1)	(26)	22	(32)	108
urning the Pages ISC: British Newspapers 1620–1900	113	149	(26) (541)	498	_	106
Research Information Network	72	149	(1,349)	1,382	_	105
Anthony Panizzi Foundation	137	_	(6)	1,362	(34)	102
Others	3,052	(396)	(2,355)	2,153	(75)	2,379
Total restricted funds	22,484	(310)	(8,935)	9,647	(2,249)	20,637
Other (deficit funds)	98	29	(1,456)	947	_	(382
ransfer to unrestricted fixed asset reserves			780			780
Total funds	639,781	-	164,731	145,776	(2,249)	618,577
The fair value reserve included within the funds stated abov	ve are:					
	As at	Unrealised gains/	As at		Reserve / Fund	
	1 April	losses under			including Fair Value)	
	2008	Fair Value	2009	as at 31 March	as at 31 March	
	£000	£000	£000	2009 £000	2009 £000	
ccles FVR	(432)	(1,781)	(2,213)	8,679	6,466	
Dingwall No. 2 FVR	(37)	(248)	(285)	1,005	720	
Consolidated Endowment FVR	(1)	(9)	(10)	299	289	
ir Henry Thomas FVR	(10)	(70)	(80)	320	240	
S Blakeney FVR	(5)	(32)	(37)	162	125	
		(34)	(37)	139	102	
anthony Panizzi Foundation FVR	(3)					
	(11)	(75)	(86)	2,465	2,379	

The fair value represents the difference between historic cost and market valuation at the Balance Sheet date.

#### 17. Statement of funds continued

Restricted funds are given to the Library for specific purchases for the collection or for projects which are related to the aims and objectives of the Library. All the funds with balances of over £100,000 at 31 March 2009 are listed above, with a brief description as to the aims of the fund shown below. 'Other' restricted funds comprise individual amounts less than £100,000.

The restricted funds in deficit at the year end represent 10 funds for which, due to the administration restrictions of these funds, costs are expended first and then reclaimed from the external funding organisations, and all future income streams should more than cover the shortfall and future costs involved in the projects.

Included within the Restricted Fund expenditure are costs in relation to the purchase of fixed assets totalling £0.8m. These assets have been transferred from the restricted funds reserve to the unrestricted fixed asset reserve.

The transfers of £281,000 relate to internal charges or income applied to the restricted funds for the use of Library facilities and services.

The Fair Value Reserve of each fund has been identified separately.

#### The David and Mary Eccles Centre for American Studies

Founded by the late Viscount and Viscountess Eccles, to further the establishment of a centre for American studies.

#### **Shaw Fund**

Established by a Charity Commission order dated 13 September 2000, with the income being available for the general purpose of the British Library Board. At a meeting in September 2003, the Board adopted the following expenditure policy for the Shaw Fund income:

"To be applied as an addition to other sources of funding, for the benefit of the readership of the British Library; for the acquisition of manuscripts and other materials, to support specific projects of a scholarly or research nature, and for other similar purposes as the Board may determine."

#### **Planets**

Funded through the Information Society Technologies (IST) R&D Programme, the Planets Project aims to reduce the loss of digital information and improve our ability to provide access to digital information over the long term.

#### Dingwall No. 2

Founded by Dr Eric John Dingwall, for the purchase of fine editions or the subscription of foreign periodicals.

# **British Library Digitisation Campaign**To raise funds from external sources to support the Library's Digitisation programme.

#### Membership and general donations

A range of externally received funds, with the funds being available for the general purpose of the British Library, as decided upon by the Executive Team.

#### **Centre for Conservation (Construction)**

Funds raised from external sources for the construction of the British Library Centre for Conservation.

# The Sir John Ritblat Gallery: Treasures of the British Library

A donation from Sir J H Ritblat for the Treasures Gallery.

#### Henry VIII

To raise funds from external sources to support the *Henry VIII* exhibition.

#### **Consolidated Endowment Account**

Founded in 1975, the fund is to be used for any purpose approved by the Board where there has not been adequate provision made through government Grant in Aid.

#### **Sir Henry Thomas**

Founded in 1981 by Miss Amy Thomas, for the purchase of books relating to the culture and literature of Spain.

#### Greek Manuscripts Digitisation Project

A donation from Niarchos to support the creation of content metadata for the Greek manuscripts mass digitisation project.

#### Chinese Central Asia Database

Contributions to support the 'International Dunhuang Project' in its aim to catalogue, digitise and facilitate scholarly research on the Dunhuang manuscripts held by the Library and other institutions in Europe, Asia and USA.

#### 17. Statement of funds continued

#### UKRR - Deduplication

Funded through HEFCE, the UKRR aims to offer a shared, integrated storage and access solution for library services in Higher Education which will generate efficiencies for the UK research network.

#### JISC: Archival Sound Recordings

Archival Sound Recordings 2 will digitise, clear and make available online, approximately 24,000 recordings of audio content, supported by images and added value features, to the learning, teaching and research communities of the UK, and the general public by March 2009.

#### EC Fund: The European Library

A collaboration between a number of European national libraries, to establish a professionally designed and maintained single access point to the collections in all the national library partners.

#### **Special Exhibitions**

Funding for future exhibitions.

#### **Codex Sinaiticus**

A team of experts from the UK, Europe, Egypt, Russia and the US have joined together to reunite the Codex in virtual form. This unprecedented collaborative approach to achieve reunification involves all four of the institutions at which parts of the manuscript are held: St Catherine's Monastery, Mt Sinai, the British Library, the University of Leipzig and the National Library of Russia.

#### **Spratt-Bigot Bequest**

For the purchase of works in French by French authors.

#### **Endangered Archives**

The Programme's aim is to safeguard archival material relating to societies before 'modernisation' or 'industrialisation' generated institutional and record-keeping structures for the systematic preservation of historical records. The time period will therefore vary according to the society. Any theme or regional interest will be considered, although particularly welcome are applications concerned with non-western societies.

#### **Cataloguing Projects Fund**

A collection of 'mini' projects to support scholarship and collection cataloguing activities.

#### **Business & IP Centre**

The fund was set up to collect donations/ sponsorship for the Centre from sources other than the London Development Agency. The funds will be used to further the Business & IP Centre objectives in supporting entrepreneurs.

#### TS Blakeney

Founded in 1977 by Thomas Sydney Blakeney, for the purchase of western manuscripts.

#### Turning the Pages™

To fund the development of the Turning the Pages electronic facsimile and licence to Northumberland County Council.

#### JISC: British Newspapers 1620-1900

To digitise 1.1 million pages of British, regional, local and specialist newspapers from microfilm and to offer access to that collection via a sophisticated searching and browsing interface on the web.

#### Research Information Network

Arising from the recommendations of the Research Support Libraries Group, a new body, the Research Libraries Network has been created. The British Library has three partners in the network: the UK higher Education Funding Council and the National Libraries of Wales and Scotland. The Network's aim is to develop, prioritise and lead the implementation of a UK-wide strategy for research information provision and is funded for three years.

#### **Anthony Panizzi Foundation**

Founded in 1982 by an anonymous donor, for the advancement of public education by funding a lecture or series of lectures in the subject of advanced bibliography.

# 18. Provision for liabilities and charges

A provision has been made in full for employees leaving the organisation under early retirement or early severance terms. The provision represents the estimated future costs to the Library, for both staff that have left and staff that are known to be leaving in 2009/10.

	Early retirement/	Other liabilty	2008/09	2007/08
9	everance provision	and charges	Total	Total
	£000	£000	£000	£000
At 1 April	2,774	150	2,924	3,646
Additional provision	274	_	274	382
Utilisation of provision	(1,014)	-	(1,014)	(1,104)
At 31 March	2,034	150	2,184	2,924
Less: portion included in creditor	'S			
due within one year	(694)	-	(694)	(803)
Amounts falling due after one ye	ear 1,340	150	1,490	2,121

# 19. Commitments under operating leases

	Land and	Land and buildings		ment
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Amounts payable within one year relating to operating leases which expire:				
Within one year	32	_	5	7
Two to five years	1,178	1,193	6	18
More than five years	8	8	_	-
	1,218	1,201	11	25

# 20. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£000	£000	£000
Fund balances at 31 March 2009 are represented by:			
Tangible fixed assets	552,456	_	552,456
Heritage assets	38,970	_	38,970
Investments	_	7,613	7,613
Current assets	29,022	12,999	42,021
Current liabilities	(20,636)	(357)	(20,993)
Non-current liabilities	1,490	-	(1,490)
Total net assets	598,322	20,255	618,577

# 21. Capital commitments

	2008/09 £000	2007/08 £000
Contracted and not provided for	2,207	7,278
Authorised, but not contracted for	9	274

The capital commitment figures include the contracted and authorised costs (£2.1m) for the moving of collection items into the Additional Storage Building at Boston Spa.

# 22. Related party transactions

The British Library is a Non-Departmental Public Body sponsored by the Department for Culture, Media and Sport.

The Department for Culture, Media and Sport is regarded as a related party. During the year the Library has had a number of transactions in the normal course of business and at full arm's length with the Department.

The Library has also had a number of transactions in the normal course of business and at full arm's length with a number of DCMS – sponsored bodies: the British Museum, the Geffrye Museum, the Imperial War Museum, the National Portrait Gallery, the Natural History Museum, Royal Armouries and the Victoria and Albert Museum.

During the year a number of Board members have contributed to the Library's Adopt a Book appeal and Dame Lynne Brindley and Ronald Milne are Trustees of the Gilson and Saga Trusts respectively.

The Library sets aside office space and equipment for the Friends of the British Library to undertake some of their duties, however there is no direct financial support from the Library to the Friends of the British Library.

The British Library also entered into material related party transactions with other related parties during the year, as set out below.

Related party	Nature of transaction	Income 2008/09 £000	Expenditure 2008/09 £000	Relationship
Arts & Humanities Research Council	Grant towards the Digital Lives and Royal Illuminated Manuscripts of the Kings and Queens of England Projects.	147		Dame Lynne Brindley, a member of the related party, served as the Chief Executive and Accounting Officer to the British Library.
				Sir Colin Lucas, an ad hoc member of committees of the related party, served as the Chairman to the British Library.
Friends of the British Library	Donations towards manuscript purchases and exhibition running costs.	55		Dr Kate McLuskie, a Trustee of the related party, also served as a Trustee to the British Library.

There were no Debtor or Creditor balances for the Related Parties at 31 March 2009.

## 23. Post Balance Sheet events

There were no adjusting Post Balance Sheet events.

The accounts were authorised for issue on 9 July 2009 by the Accounting Officer and Board of Trustees.

# 24. Contingent liabilities

The British Library has no contingent liabilities.

# 25. Trust funds (unaudited)

Members of the British Library Board do not act as Trustees for the Gilson and Saga Trusts; however because of the shared management and close relationship to the Library, the aggregated results for these funds are shown in the table below:

	2008/09	2007/08
	£000	£000
Income	10	10
Expenditure	(17)	(1)
Unrealised gains/(losses) on investments	(28)	(17)
(Deficit) for the year	(35)	(8)
Investments	265	299
Short-term deposits	5	5
Net debtors/(creditors)	_	_
Cash at bank	62	50
Net assets	332	354