

# Annual Accounts 2007/08

## TRUSTEES' ANNUAL REPORT 2007/08

### 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 2007 and 31 March 2008 are as published on pages 28 to 29.

#### Accounting conventions

The basis on which the accounts have been prepared is stated on page 48 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 2008. 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 HM Treasury's *Financial Reporting Manual* (FREM) Statement of Financial Activities for the year is set out on page 45. 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's income for 2007/08 was £141.2m (£159.2m 2006/07), of which £106.4m (75%) was Grant in Aid (GIA) from the Department for Culture, Media and Sport. £94.3m of this was revenue Grant in Aid, with the balance of £12.1m for capital programmes. The Department holds £13.2m (£7.4m capital, £5.8m revenue) of funding from previous years under 'End Year Flexibility' rules which is not included in the British Library financial statements.

Income from the provision of services was £23.1m (£22.8m 2006/07). Document Supply income, the Library's principal source of commercial revenue, declined less than forecast and a stronger than anticipated performance was achieved from imaging services. The overall position was also balanced by continued improvements in operational efficiency and close management of costs.

The Library maintained its efficiency programmes in line with the recommendations of the Gershon Review into public sector efficiencies, resulting in a modest rise in net resources expended of £6.4m to £139.1m. The Library has continued to invest heavily in building its infrastructure and major building works at Boston Spa, relating to its Additional Storage Programme, are expected to be completed by the end of calendar year 2008.

The major *Sacred* exhibition proved to be the most popular and successful exhibition yet staged by the Library, attracting over 200,000 visitors and rated top of the Top 20 London exhibitions in summer 2007. 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 70 million, an increase of ten million from the previous year.

Revenue expenditure on acquisitions for the collections was £16.7m (£15.3m 2006/07), and capital expenditure £2.4m (£3.8m 2006/07).

There was a net increase in the movement of funds after revaluation in the year of £47.7m, of which £47.3m related to unrestricted funds and £0.4m to 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 they 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 2008 were £6.7m, of which Designated Reserves accounted for £4.3m and Free Reserves £2.4m. In 2008/09 the Library will aim to hold a minimum of £3.5m 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 2008, 88% of invoices were paid within 30 days (89% 2006/07). Compliance in this matter is in accordance with the Better Payment Practice Code.

## Bankers, External Auditors, Solicitors and Investment Managers

The following organisations were the Library's principal suppliers of professional financial, legal and investment services during 2007/08:

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**Lloyds TSB Bank plc**  
39 Threadneedle Street  
London  
EC2R 8AU

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**Treasury Solicitor**  
1 Kemble Street  
London  
WC2B 4TS

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**Comptroller and Auditor General**  
National Audit Office  
151 Buckingham Palace Road  
London  
SW1W 9SS

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**Legal & General Investment Manager Limited**  
One Coleman Street  
London  
EC2R 5AA

## Investments

Legal & General were appointed as the Trust Fund investment manager in November 2006. The Board Investment Committee (BIC) met once during the year to give oversight to the Library's investment portfolios and to review the Investment Policy. The BIC determines the overall investment return objectives and acceptable risk tolerances. 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 2008 was a turbulent time for investment markets. Steady growth in the first half of the year was followed by the onset of the subprime mortgage crisis and the 'credit crunch' resulting in heavy losses during the first quarter of 2008. As a consequence, the net yield achieved at December 2007 of 3.07% was reduced to a negative 4.3% at 31 March 2008.

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 and has taken the opportunity to review future investment strategy in 2008/09.

## 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 an HR Advisor. The Library has six strategic areas of priority of which one is 'Develop our People' and equality and diversity is a major driver.

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.

## Data protection

The Library has used the following prescribed format as required following Cabinet Office guidance on the reporting of personal data related incidents in 2007/08 resource accounts. 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 2007/08

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:**

- Installation of encryption software on Library-owned laptops;
- Internal audit of Library compliance with the Data Protection Act;
- Review of existing procedures for reporting and managing incidents involving protected personal data

**TABLE 2:**  
SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2007/08

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.

Category	Nature of incident	Total
i	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	–
ii	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	–
iii	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	–
iv	Unauthorised disclosure	1
v	Other	–

**TABLE 3:**  
YEAR ON YEAR TOTAL NUMBERS OF PROTECTED PERSONAL DATA RELATED INCIDENTS PRIOR TO 2007/08

**Total number of personal protected data related incidents formally reported to the Information Commissioner's Office, by category number**

	i	ii	iii	iv	v	TOTAL
2006/07	–	–	–	–	–	NIL
2005/06	–	–	–	–	–	NIL

**Total number of other protected personal data related incidents, by category number**

	i	ii	iii	iv	v	TOTAL
2006/07	–	–	–	–	–	NIL
2005/06	–	–	–	–	–	NIL

**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.

**Key objectives**

Details of the Library's strategic priorities can be found on pages 16 to 19.

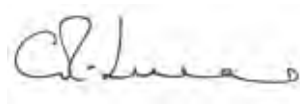
**Related party transactions**

Details of related party transactions are disclosed on pages 62 at note 23.

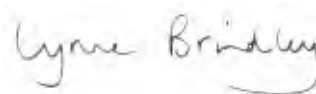
**Code of best practice on corporate governance**

A Statement on Internal Control is included on pages 42 to 44 and the Library has achieved full compliance in this respect, as at March 2008.

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



SIR COLIN LUCAS  
CHAIRMAN  
7 JULY 2008



DAME LYNNE BRINDLEY  
ACCOUNTING OFFICER  
7 JULY 2008

## 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 (from 1.4.07)

In attendance: Mary Canavan (Secretary)

Director of Human Resources

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 the Executive Team in respect of the team bonus and of the Chief Executive. The Chief Executive considers the achievement of objectives of the Executive Team in respect of individual bonuses.

### 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 so. 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 benefits in kind were received by the Executive Team and Chairman.

The table overleaf shows the pension entitlements of, and the salary paid during the year to, the Chairman and Executive Team.

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

		Remuneration paid to 31 March 2008 £000	Real increase in pension at 60 £000	Total accrued pension at age 60 as at 1 April 2008 £000	Cash Equivalent Transfer Value		
					CETV as at 1 April 2007 £000	CETV as at 31 March 2008 £000	CETV real increase £000
Sir Colin Lucas, Chairman from 1.9.06	2007/08 2006/07	35 – 40 20 – 25					
Dame Lynne Brindley DBE, Chief Executive	2007/08 2006/07	175 – 180 175 – 180	2.5 – 5 Plus lump sum of 2.5 – 5 2.5 – 5 Plus lump sum of 0 – 2.5	60 – 65 145 – 150 55 – 60 135 – 140	1,211 1124	1,448 1217	80 46
Richard Boulderstone, Director	2007/08 2006/07	115 – 120 115 – 120	2.5 – 5 2.5 – 5	15 – 20 15 – 20	238 195	315 238	27 23
Mary Canavan, Director	2007/08 2006/07	105 – 110 105 – 110	0 – 2.5 0 – 2.5	45 – 50 40 – 45	662 614	780 652	21 19
Jill Finney, Director	2007/08 2006/07	120 – 125 120 – 125	0 – 2.5 0 – 2.5	10 – 15 10 – 15	149 123	200 149	24 21
Steve Morris, Director	2007/08 2006/07	125 – 130 110 – 115	0 – 2.5 0 – 2.5	45 – 50 45 – 50	642 6	773 642	25 74
Philip Spence, Director from 23.10.06	2007/08 2006/07	105 – 110 40 – 45	0 – 2.5 0 – 2.5	0 – 5 0 – 5	9 0	33 9	19 7
Ronald Milne, Director from 5.2.07	2007/08 2006/07	100 – 105 10 – 15	35 – 37.5 0 – 2.5	35 – 40 0 – 5	4 0	604 4	596 0

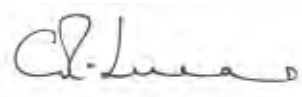
The increase in Ronald Milne's CETV value in the year and Steve Morris's CETV value in 2006/07 are due to the transfer in of entitlements from other public sector pension schemes.

## Cash Equivalent Transfer Values

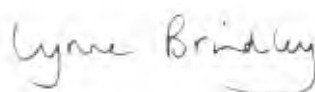
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment 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  
7 JULY 2008

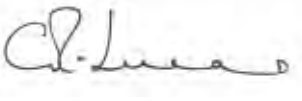


DAME LYNNE BRINDLEY  
ACCOUNTING OFFICER  
7 JULY 2008

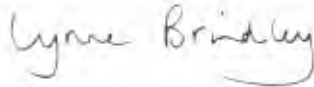
## BOARD AND ACCOUNTING OFFICER'S RESPONSIBILITIES

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  
7 JULY 2008



DAME LYNNE BRINDLEY  
ACCOUNTING OFFICER  
7 JULY 2008

## STATEMENT ON INTERNAL CONTROL 2007/08

### 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 2008 and up to the date of approval of the Annual Report and Accounts, and it accords with HM Treasury guidance.

### 3. Capacity to handle risk

The Library is conscious 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:

#### ■ Managing risk of the major Sacred exhibition

A risk register was established as a control device in the management and control of all risks associated with the design, implementation and delivery of the exhibition. A risk scenario-planning workshop was held 12 months prior to the exhibition opening. This brought together key internal stakeholders to discuss issues that might have affected the success of the exhibition.

In the months leading up to the exhibition, a number of potential risk scenarios were presented to the Executive Team to alert them to the type of situations that might have occurred, and to give assurance that processes and action plans were in place to manage the risks.

#### ■ Work carried out in developing Project Management across the organisation through Small Project Toolkit

The Corporate Programme Office developed project management methodology across the organisation. A number of project health-checks, gateway reviews, workshops and training programmes took place during the year. The Small Project Toolkit was developed as a delivery method for small pieces of work that would benefit from a proper project approach incorporating the best principles of PRINCE 2, but summarised down to basic principles and expressed in non-project terminology.

#### ■ Internal audit reviews to confirm robust controls

Following a competitive tendering process, RSM Bentley Jennison was appointed as Internal Auditors to the Library in April 2007. A three year strategic plan was *immediately* developed and during the first year of the plan 29 assurance reviews took place, with a further five advisory reviews. There were two limited assurance ratings out of the final reports issued during the year, and follow up reviews in the last quarter confirmed that good progress had been made in implementing the recommendations of both those reviews.

#### ■ Managing the threat to funding levels posed by 2007 Comprehensive Spending Review

A major risk for the Library throughout 2007 was the potential threat to funding levels posed by the 2007 Comprehensive Spending Review (CSR) which the Library had been advised could result in future Grant in Aid falling in real terms. From the summer of 2006 onwards the Library was active in making the case for a funding settlement that at least notionally maintained the real terms value of our Grant in Aid over the three years of settlement period (2008/09 – 2010/11).

The delay in announcement of the settlement (from its normal timing in July to November) served to exacerbate the risk to business and financial planning. There was a risk of 'planning blight' and a potential budget crisis in 2008/09 caused by a lack of effective and timely financial planning. To mitigate this risk, the Library worked throughout the year looking at different potential funding scenarios, assessing and planning how we might respond to each, engaging with the Board on the implications. As a result, when details of the settlement were received, the Library was in a position to move quickly to draw up a detailed budget and financial/business planning proposals for submission to the Board at its February 2008 meeting.

#### ■ 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, it reviews implementation of the Collection Security Plan, and it 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.

#### ■ Developing security arrangements in the light of the opening of the St Pancras Eurostar terminal

The Library raised its security levels during 2007/08 by adopting a number of measures, including increased bag and vehicle searching, in response to police advice and the opening of the neighbouring St Pancras International rail terminal. During 2008/09 the Library intends to continue with its planned programme of upgrading physical security around perimeter and site entrances.

#### ■ Pandemic flu planning

The corporate and directorate emergency response plans cover three broad incident outcomes: denial of access to the building, loss of IT, and staff shortages. Staff shortages result from a number of incidents such as fuel shortages, industrial action or sickness e.g. pandemic, norovirus, etc. Extensive cross-directorate planning has taken place in preparation for a pandemic flu outbreak, including the purchase of alcohol hand gels, the development of internal communication messages and the identification of key workers. The Integrated Risk and Human Resources departments have recently presented to Trade Union Side (TUS) on the pandemic topic and as a result further meetings have been arranged to discuss implications on some of the Library's current policies.

#### ■ Managing reputational risk e.g. FOI and Data Protection

A series of high-profile data losses in the public and private sectors has resulted in the management of personal data being the subject of increasing public and Government scrutiny. The Library's Corporate Information Management Unit (CIMU) in collaboration with e-Strategy and Information Systems (eIS) have adopted a risk-based approach to data security which focuses on the integration of organisational and technical measures to protect the Library's information from unauthorised loss or damage. This includes personal data that might be embedded within the Library's collections.

#### ■ Developing counter fraud strategy, policy and control (specific case of payroll fraud leading to criminal conviction and recovery of losses)

In conjunction with Internal Audit, a Counter Fraud and Security Healthcheck was carried out to review procedures and controls in support of the Library's determination to stamp out fraud. Criminal proceedings in a case of payroll fraud led to a conviction and full recovery of losses.

#### ■ Evaluation of insurance costs and benefits in managing risk

The Board received a report from the Cultural Property Manager in January 2008 into the insurance of valuable items in the possession of the Library. The report identified three categories of property – that belonging to the Board, Third party property, and Contested property – and considered if there is any duty to insure, where exceptions and special obligations might apply, and where liability for the Library might lie.

#### ■ Annual stewardship reports

The Board Audit Committee received annual stewardship reports on 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 seeks to meet the requirements in paragraph 2 and to embed them 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 will be enhanced with best practice from other organisations as opportunities arise.

Risks are assessed against estimation criteria approved by the Board. These criteria cover the potential impact of the risk and the likelihood of its occurrence. The risk is considered for its effect on strategy, operations, finances or reputation 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 monitoring or passing the risk on.

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 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.

## STATEMENT ON INTERNAL CONTROL 2007/08

**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**

The National Audit Office reviews the Library's accounts and produces an annual management letter. NAO also carries out value for money reviews on Library activities.

**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 (Chairman) (from 30 September 2007)
- Sir Henry Boyd-Carpenter (Chairman) (to 29 September 2007)
- E Mackay CB
- G Roberts (to 31 December 2007)
- Lord Fellows (from 30 September 2007)

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 capital construction projects, currently the Additional Storage Programme (ASP) project. The Committee meets four times a year and reports regularly to the Board.

The current members of CPC:

- E Mackay CB (Chairman)
- R Broadhurst
- Dame L J Brindley
- K McLuskie
- P Goffin (External professional advisor)

**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 normally meets once a year.

**The current members of BIC:**

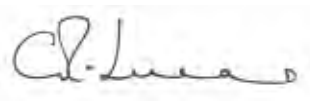
- Sir Colin Lucas (Chairman)
- E Mackay CB
- R Broadhurst
- Dame L J Brindley
- D Truell (External professional adviser)

**Executive Team**

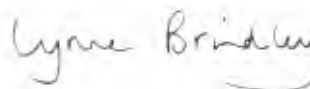
The Executive Team is responsible for operational management and for risk review in their own areas of responsibility and for championing the required culture change. Each Director is required to support the Accounting Officer by submitting a Self Certificate confirming that the Library's systems of 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  
7 JULY 2008



DAME LYNNE BRINDLEY  
ACCOUNTING OFFICER  
7 JULY 2008

## THE BRITISH LIBRARY BOARD

### Statement of financial activities

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	Unrestricted funds	Restricted funds	Total 2007/08	Total 2006/07 Restated
		£000	£000	£000	£000
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income	2	1,498	8,291	9,789	31,879
Investment income	4	920	958	1,878	1,904
Incoming resources from charitable activities					
Provision of services	3	21,986	1,090	23,076	22,768
Other incoming resources					
Grant in Aid	5	106,411	–	106,411	102,639
<b>Total incoming resources</b>		<b>130,815</b>	<b>10,339</b>	<b>141,154</b>	<b>159,190</b>
<b>Resources expended</b>					
Costs of generating funds					
Costs of generating voluntary income		588	–	588	631
Investment management costs		–	11	11	4
Charitable activities:					
Enrich the users experience		39,644	2,250	41,894	45,532
Build the digital research environment		3,751	2,463	6,214	6,770
Transform search and navigation		6,454	10	6,464	6,653
Grow and manage the national collection		80,345	3,127	83,472	72,600
Governance costs		461	–	461	554
<b>Total resources expended</b>	<b>6</b>	<b>131,243</b>	<b>7,861</b>	<b>139,104</b>	<b>132,744</b>
<b>Net increase in resources before notional costs and transfers</b>					
		(428)	2,478	2,050	26,446
Notional cost of capital	7	(20,929)	–	(20,929)	(19,334)
Transfer between funds	18	1,403	(1,403)	–	–
<b>Net (outgoing)/incoming resources after notional costs and transfers</b>					
		(19,954)	1,075	(18,879)	7,112
Reversal of notional cost of capital		20,929	–	20,929	19,334
<b>Net (outgoing)/incoming resources before recognised gains and losses</b>	<b>8</b>	<b>975</b>	<b>1,075</b>	<b>2,050</b>	<b>26,446</b>
<b>Other recognised gains/(losses)</b>					
Realised gain/(loss) from fixed asset investments		–	–	–	1,547
Unrealised gain/(loss) from fixed asset investments	12	–	(719)	(719)	(1,076)
Revaluation of fixed assets	10	–	–	–	8,814
Current cost adjustment	10	46,347	–	46,347	4,618
<b>Net movement in funds after revaluation and gains/(losses)</b>		<b>47,322</b>	<b>356</b>	<b>47,678</b>	<b>40,349</b>
<b>Reconciliation of funds</b>					
Fund balances brought forward at 1 April		569,877	22,226	592,103	551,754
<b>Fund balances carried forward at 31 March</b>		<b>617,199</b>	<b>22,582</b>	<b>639,781</b>	<b>592,103</b>

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 48 to 63 form part of these accounts.

## THE BRITISH LIBRARY BOARD

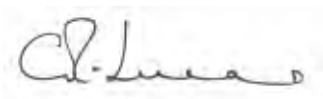
### Balance Sheet

FOR THE YEAR ENDED 31 MARCH 2008

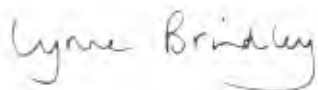
	Notes	2007/08	2006/07
		£000	£000
<b>Fixed assets</b>			
Intangible assets	9	–	4
Tangible assets	10	574,585	532,851
Heritage assets	11	35,901	32,135
Investments	12	9,516	9,947
		<b>620,002</b>	<b>574,937</b>
<b>Current assets</b>			
Stocks	14	829	723
Debtors and prepayments	15	9,751	10,148
Cash at bank and in hand	16	31,699	28,390
		<b>42,279</b>	<b>39,261</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(20,379)	(19,273)
<b>Net current assets</b>		<b>21,900</b>	<b>19,988</b>
<b>Total assets less current liabilities</b>		<b>641,902</b>	<b>594,925</b>
Provision for liabilities and charges	19	(2,121)	(2,822)
<b>Net assets</b>		<b>639,781</b>	<b>592,103</b>
<b>Represented by:</b>			
<b>Income funds</b>			
Restricted funds	18	22,582	22,226
<b>Unrestricted funds:</b>			
Fixed Asset reserves	18	587,426	543,329
Donated Asset reserve	18	23,060	21,657
General funds	18	6,713	4,891
<b>Total funds</b>		<b>639,781</b>	<b>592,103</b>

The notes on pages 48 to 63 form part of these accounts.

The financial statements on pages 45 to 47 were approved by the Board/Trustees on 24 June 2008, and were signed on their behalf by:



SIR COLIN LUCAS  
CHAIRMAN  
7 JULY 2008



DAME LYNNE BRINDLEY  
ACCOUNTING OFFICER  
7 JULY 2008

## THE BRITISH LIBRARY BOARD

### Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2008

	2007/08		2006/07	
	£000	£000	£000	£000
<b>Reconciliation of net movement in funds to net cash inflow from operating activities</b>				
Net movement in funds inflow	47,678		40,349	
Depreciation	16,633		14,528	
Donated assets	(1,403)		(21,276)	
Loss on asset disposals	11		48	
Realised (gain) on investments	–		(1,547)	
Unrealised loss on investments	719		1,076	
MHCA adjustment net	(46,347)		(4,618)	
Revaluation of property	–		(8,814)	
Provision for liabilities and charges	(701)		(1,417)	
(Increase)/decrease in stocks	(106)		252	
(Increase)/decrease in debtors	397		(96)	
Increase/(decrease) in creditors	1,106		(1,092)	
<b>Net cash inflow from operating activities</b>		<b>17,987</b>		<b>17,393</b>
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(12,027)		(19,038)	
Purchase of heritage assets	(2,363)		(3,774)	
Purchase of investments	(288)		(11,258)	
Receipts from sale of tangible fixed assets	–		–	
Receipts from sales of investments	–		11,079	
<b>Net cash outflow from capital expenditure</b>		<b>(14,678)</b>		<b>(22,991)</b>
<b>Increase in cash in the year</b>		<b>3,309</b>		<b>(5,598)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>				
Increase in cash in the year		3,309		(5,598)
Net funds as at 1 April		28,390		33,988
<b>Net funds as at 31 March</b>		<b>31,699</b>		<b>28,390</b>

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* (FREM) 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.

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 bookbinding 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 income and expenditure account 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.

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.

## 2. Voluntary income

	2007/08 £000	2006/07 £000
Bequest to the Eccles fund	455	–
Donated assets	1,403	21,276
Other donations and grants	7,931	10,603
<b>Total Voluntary Income</b>	<b>9,789</b>	<b>31,879</b>

## 3. Provision of services

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

### A) CLASSES OF BUSINESS

	2007/08 £000	2006/07 £000
Enrich the user's experience	18,350	18,678
Build the digital research environment	491	676
Transform search and navigation	1,725	1,800
Grow and manage the national collection	1,229	744
Other	1,281	870
	<b>23,076</b>	<b>22,768</b>

### B) GEOGRAPHICAL SEGMENTS

	2007/08 £000	2006/07 £000
United Kingdom	15,097	13,323
Overseas	7,979	9,445
	<b>23,076</b>	<b>22,768</b>

## 4. Investment income

	2007/08 £000	2006/07 £000
Interest receivable	1,579	1,518
Dividends receivable	299	386
<b>Total interest</b>	<b>1,878</b>	<b>1,904</b>

## 5. Other incoming resources

### Grant in Aid

Total Grant in Aid drawn down by the British Library Board was £106.4m, with £12.1m being allocated for capital projects/improvements (£102.6m received in 2006/07, £12.1m re capital). This money is available for running costs, capital improvements and collection purchases.

## 6. Net cost of resources expended

	Staff costs	Other direct costs	Depreciation	Income	Allocated support cost	2007/08 Net cost <sup>1</sup>	2006/07 Net cost restated
	£000	£000	£000	£000	£000	£000	£000
<b>Direct costs</b>							
Costs of generating funds	450	138	–	(10)	–	578	628
Investment management fees	–	11	–	–	–	11	4
Enrich the user's experience	18,854	7,264	425	(20,055)	14,737	21,225	23,896
Build the digital research environment	2,030	1,832	443	(4,199)	1,832	1,938	2,241
Transform search and navigation	3,140	867	–	(1,766)	2,358	4,599	4,722
Grow and manage the national collection	17,299	22,300	1,014	(6,212)	41,148	75,549	44,149
Governance costs <sup>2</sup>	173	288	–	–	–	461	554
	41,946	32,700	1,882	(32,242)	60,075	104,361	76,194
<b>Support costs</b>							
Information systems	4,333	2,852	45	(77)	(7,153)	–	–
Corporate services	19,805	20,835	14,706	(2,424)	(52,922)	–	–
	66,084	56,387	16,633	(34,743)	–	104,361	76,194

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.

The 2006/07 net cost figures have been restated to include the St Pancras depreciation.

## A) STAFF COSTS

	2007/08			2006/07
	BL Staff £000	Agency £000	Total £000	£000
Wages and salaries	49,740	3,216	52,956	50,049
Social security costs	3,587	–	3,587	3,689
Pension disbursements	8,999	–	8,999	8,940
<b>Voluntary redundancy/restructuring programme for former employees</b>				
Current year costs	1,061	–	1,061	5,092
Release of provision	(1,104)	–	(1,104)	(5,057)
Provision for future costs	232	–	232	1,059
	62,515	3,216	65,731	63,772
Board Members' remuneration See (i) on following page	353	–	353	311
	62,868	3,216	66,084	64,083

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](http://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 2007/08, employers' contributions of £8,578,744 were payable to PCSPS (2006/07 £8,876,234) 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 2008/09, the salary bands will be revised but the rates will remain the same. The contribution rates are set to meet the cost of the benefits accruing during 2007/08 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. Employers' 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

		2007/08 £000	2006/07 £000
Fees and salaries		319	283
Other emoluments		34	28
		<b>353</b>	<b>311</b>
<b>Remuneration for non-pensionable Board Members:</b>			
Sir Henry Boyd-Carpenter KCVO	To 29.9.2007	4.4	8.9
Robin Broadhurst CBE		8.7	8.9
Professor Robert G Burgess		8.7	8.9
Sheila Forbes CBE		8.7	8.9
Eileen Mackay CB		8.7	8.9
Simon Olswang	To 31.3.2008	8.7	8.9
Dr Gareth W Roberts	To 31.12.2007	6.5	8.9
Dawn Airey	From 1.4.2007	8.7	–
Professor Wendy Hall CBE	From 1.4.2007	8.7	–
Dr Kate McLuskie	From 1.4.2007	8.7	–
Dr Maggie Semple OBE	From 1.4.2007	8.7	–
Sir Kenneth Calman	From 1.4.2007	8.7	–
Lord Fellowes	From 30.9.2007	4.4	–
Duncan Lewis	To 25.6.2006	–	2.2
		<b>102.3</b>	<b>64.5</b>

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 £5,700 (£3,200 in 2006/07) has been paid to eight (six in 2006/07) 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:

	2007/08 No.	2006/07 No.
£60,001 – £70,000	11	12
£70,001 – £80,000	7	5
£80,001 – £90,000	3	3

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

			2007/08 Total (FTE)	2006/07 Total (FTE)
	Staff directly employed by the British Library	Agency		
Chief Executive's Office	4	–	4	4
e-Strategy and Information Systems	126	5	131	123
Finance and Corporate Services	212	36	248	234
Human Resources	32	8	40	36
Operations and Services	1,026	16	1,042	919
Scholarship and Collections	399	4	403	578
Strategic Marketing and Communications	124	4	128	117
	1,923	73	<b>1,996</b>	<b>2,011</b>

## B) OTHER DIRECT COSTS

	2007/08 £000	2006/07 £000
Acquisitions for the collections	16,676	15,334
Conservation and binding services	2,632	2,593
Administration, equipment, supplies and services	36,457	35,577
Non-recoverable VAT (net)	611	580
Loss on disposal of fixed assets	11	48
	<b>56,387</b>	<b>54,132</b>

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 2007/08 was £20.9m (£19.3m 2006/07).

## 8. Resources expended

THIS IS STATED AFTER CHARGING:

	2007/08 £000	2006/07 £000
External auditors' remuneration	50	49
Rent on land and buildings	1,302	1,423
Lease/rental payments on equipment	237	335
Depreciation on intangible assets	4	101
Depreciation on other fixed assets	16,629	14,427

The auditors' remuneration is for the audit of the annual report and accounts: there was no non-audit work performed during 2007/08.

## 9. Intangible assets

	Licences 2007/08 £000	Licences 2006/07 £000
<b>Cost</b>		
At 1 April	942	1,182
Additions	–	–
Disposals	–	(240)
<b>At 31 March</b>	<b>942</b>	<b>942</b>
<b>Depreciation</b>		
At 1 April	938	1,077
Charge for year	4	101
Disposals	–	(240)
<b>At 31 March</b>	<b>942</b>	<b>938</b>
<b>Net book value at 31 March</b>	<b>–</b>	<b>4</b>

All intangible assets have been valued on the basis of purchase price. The assets are all depreciated over a period of three years which is consistent with the IT equipment that the licence supports.

## 10. Tangible fixed assets

### A) MOVEMENTS

	Land and buildings £000	Plant and machinery £000	Office equipment £000	Motor vehicles £000	Computer equipment £000	AICC £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2007	426,373	150,827	10,977	126	7,565	10,643	606,511
Additions	5,309	1,851	151	–	1,314	8,384	17,009
Modified Historic Cost Accounting (MHCA) adjustment	47,838	4,248	(841)	–	–	–	51,245
Disposals	(4,982)	(96)	(10)	(50)	(748)	–	(5,886)
<b>At 31 March 2008</b>	<b>474,538</b>	<b>156,830</b>	<b>10,277</b>	<b>76</b>	<b>8,131</b>	<b>19,027</b>	<b>668,879</b>
<b>Depreciation</b>							
At 1 April 2007	14,471	43,824	10,045	68	5,252	–	73,660
Charge for year	6,132	9,636	141	18	702	–	16,629
MHCA adjustment	1,889	3,286	(277)	–	–	–	4,898
Disposals	–	(89)	(10)	(46)	(748)	–	(893)
<b>At 31 March 2008</b>	<b>22,492</b>	<b>56,657</b>	<b>9,899</b>	<b>40</b>	<b>5,206</b>	<b>–</b>	<b>94,294</b>
<b>At 31 March 2008</b>	<b>452,046</b>	<b>100,173</b>	<b>378</b>	<b>36</b>	<b>2,925</b>	<b>19,027</b>	<b>574,585</b>
At 31 March 2007	411,902	107,003	932	58	2,313	10,643	532,851

Assets in the Course of Construction (AICC) represent work on the design and build of the Additional Storage Building Programme at Boston Spa.

### B) VALUATIONS

The land and buildings as at 31 March 2008 include two properties valued at £31,720,000 on 31 March 2004 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 £000	Buildings £000	Totals £000
St Pancras – Main building	Freehold	63,000	378,660	441,660
St Pancras – Conservation Centre	Freehold	4,500	12,770	17,270
Boston Spa	Freehold	4,000	22,200	26,200
Colindale Avenue	Freehold	2,425	3,095	5,520
		<b>73,925</b>	<b>416,725</b>	<b>490,650</b>

The St Pancras site was valued as at 31 March 2005 by Drivers Jonas, Chartered Surveyors, using the 'Depreciated Replacement Cost' basis of valuation. In March 2008 the British Library successfully completed the formal land swap of approximately 0.571 acres at the rear of the St Pancras site with DCMS. The disposals recorded at book value amounted to £4,982m. A full revaluation will take place in 2010.

The Boston Spa and Colindale sites were revalued as at 31 March 2004 by Drivers Jonas, using the 'Worth for Existing Use' 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.

## 11. Heritage assets

Heritage assets	Collections purchased £000	Collections donated £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2007	10,478	21,657	32,135
Additions	2,363	1,403	3,766
Disposals			
<b>At 31 March 2008</b>	<b>12,841</b>	<b>23,060</b>	<b>35,901</b>

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.

## 12. Investments

	2007/08 £000	2006/07 £000
Market value at 1 April	9,947	9,297
Purchases at cost	–	11,258
Disposals at book value	–	(9,532)
Acquisitions funded by dividends reinvested	288	–
Unrealised (loss)	(719)	(1,076)
<b>Market value at 31 March</b>	<b>9,516</b>	<b>9,947</b>
<b>Analysed by:</b>		
Listed securities	9,447	9,881
Cash trusts	69	66
	<b>9,516</b>	<b>9,947</b>
<b>Geographical analysis</b>		
United Kingdom investments	9,129	9,549
Overseas investments	387	398
	<b>9,516</b>	<b>9,947</b>

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

There was significant purchase and disposal activity within the investments during 2006/07 due to the Library changing investment managers. The change resulted in the old portfolio being liquidated to purchase the new portfolio.

## 13. Financial Instruments

FRS 13 'Derivatives and other financial instruments', requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the Library faces in undertaking its activities. As permitted by FRS 13, debtors and creditors, which mature or become payable within 12 months of the Balance Sheet, have been omitted from this note.

### Liquidity risk

Grant in Aid accounts for 75% of the Library's total incoming resources. Remote document supply continues to provide the major source of income from services and viability continues to be maintained at gross contribution level. In addition strong performances were achieved from new and existing income sources.

### Interest rate risk

The Library has financial investments which are identified in the table below. In addition, the Library budgets conservatively for investment income and is therefore not exposed to significant interest rate risk.

### 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	Cash trusts £000	Listed securities £000	2007/08 Total £000	2006/07 Total £000
Sterling	28,647	69	9,447	<b>38,163</b>	36,486
Dollar	640	–	–	<b>640</b>	158
Euro	2,361	–	–	<b>2,361</b>	1,652
Yen	51	–	–	<b>51</b>	41
<b>Total</b>	<b>31,699</b>	<b>69</b>	<b>9,447</b>	<b>41,215</b>	<b>38,337</b>

### FOREIGN CURRENCY RISK

The British Library has an international customer and supplier base. Accordingly, the Library both receives and makes payment for goods and services in a number of foreign currencies.

As part of the Library's Treasury Management Strategy, the risk of fluctuations in currency values is minimised through a variety of policies including currency accounts.

Foreign currency balances are reviewed on a regular basis and these are either re-cycled to meet the Library's immediate foreign payment commitments or, they are translated into sterling and returned to the Library's interest-bearing sterling bank account.

## 14. Stocks

	2007/08 £000	2006/07 £000
Stocks for resale	593	436
Raw materials	236	287
<b>Total Stocks</b>	<b>829</b>	<b>723</b>

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.

## 15. Debtors and prepayments

	2007/08 £000	2006/07 £000
<b>Amounts falling due within one year</b>		
Trade debtors	2,816	3,131
Other debtors	2,004	2,037
Prepayments and accrued income	4,931	4,980
	<b>9,751</b>	<b>10,148</b>

For the purpose of the Whole of Government Accounts (WGA), there are no material debtors.

## 16. Cash at bank and in hand

	2007/08 £000	2006/07 £000
Restricted funds	13,256	12,654
Monies held on deposit for customers	4,154	4,247
Cash balances	13	11
General funds	14,276	11,478
	<b>31,699</b>	<b>28,390</b>

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

## 17. Creditors

	2007/08 £000	2006/07 £000
<b>Amounts falling due within one year</b>		
Trade creditors	3,343	2,695
Monies held on deposit for customers	4,154	4,247
Other creditors	4,017	4,180
Accruals	7,788	6,727
Deferred income	274	600
Provisions due within 1 year	803	824
	<b>20,379</b>	<b>19,273</b>

For the purpose of the Whole of Government Accounts (WGA), there are no material creditors.

## 18. Statement of funds

	As at 1 April 2007 £000	Transfers £000	Expenditure to/(from) £000	Incoming resources £000	Realised and unrealised gains and (losses) £000	As at 31 March 2008 £000
<b>Unrestricted funds:</b>						
General funds	4,891	440	131,683	133,065	–	6,713
Designated funds (fixed assets)	543,329	–	–	42,694	–	586,023
Donated asset reserve	21,657	–	–	1,403	–	23,060
<b>Total unrestricted funds</b>	<b>569,877</b>	<b>440</b>	<b>131,683</b>	<b>177,162</b>	<b>–</b>	<b>615,796</b>
<b>Restricted funds</b>						
Eccles	8,180	–	199	736	(580)	8,137
Shaw Fund	4,633	(225)	–	325	–	4,733
Planets	870	–	782	1,818	–	1,906
Dingwall No 2	1,079	–	44	30	(74)	991
Membership/general donations	205	(30)	–	235	–	410
JISC: British Newspapers	–	27	163	537	–	401
Centre for Conservation (Construction)	668	61	472	109	–	366
Consolidated Endowment	243	–	107	197	(3)	330
The Sir John Ritblat Gallery: Treasures of the British Library	249	–	8	75	–	316
Sir Henry Thomas	312	–	–	9	(21)	300
Condition of identical books in national libraries	177	196	91	16	–	298
ETHOS	(2)	–	39	325	–	284
Codex Sinaiticus	269	–	89	38	–	218
Chinese Central Asia database	198	1	377	382	–	204
Cataloguing Projects Fund	219	181	902	681	–	179
European Co-operation Fund	165	–	–	9	–	174
Endangered Archives	173	–	764	762	–	171
JISC: Archival Sound Recordings	–	(54)	270	486	–	162
Special Exhibitions	149	–	1	8	–	156
T S Blakeney	156	–	–	5	(9)	152
Business & IP Centre	50	4	457	622	–	219
Anthony Panizzi Foundation	147	(1)	3	4	(10)	137
Bigot French Acquisitions	193	(45)	19	3	–	132
Impact Project	–	–	1	128	–	127
Turning the Pages	133	(5)	62	47	–	113
Centre for Conservation	(16)	–	71	188	–	101
Survey of illuminated manuscripts	156	(10)	57	10	–	99
Co-operation and Partnership	124	–	41	5	–	88
Higher Education Storage	17	–	5	74	–	86
Music Collections	32	44	5	10	–	81
Sir Adrian Boulton	81	–	–	3	(3)	81
Warwick Festivals	73	–	–	4	–	77
Bridgewater Fund	80	–	–	2	(5)	77
Codex Sinaiticus Project II	70	–	–	4	–	74
North American Collections	86	–	17	4	–	73
Research Information Network	328	–	643	387	–	72
Fitzgerald Airmail Fund	75	–	–	2	(5)	72
The Folio Society	47	(1)	79	101	–	68
AHRC: Digital Lives	–	–	18	75	–	57
Web Archive Consortium	54	–	52	55	–	57
Malvine Project	32	22	–	2	–	56
Hazlitt Fund	54	–	–	2	(4)	52
Workshop Gallery	86	75	118	7	–	50
Collections Fund	53	(2)	3	3	–	51
Others	2,199	(574)	1,729	1,024	(5)	915
<b>Total restricted funds</b>	<b>22,097</b>	<b>(336)</b>	<b>7,688</b>	<b>9,549</b>	<b>(719)</b>	<b>22,903</b>
Other (deficit funds)	129	(104)	1,136	790	–	(321)
Transfer to unrestricted fixed asset reserves	–	–	(1,403)	–	–	1,403
<b>Total funds</b>	<b>592,103</b>	<b>–</b>	<b>139,104</b>	<b>187,501</b>	<b>(719)</b>	<b>639,781</b>

## 18. 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 £50,000 at 31 March 2008 are listed above, with a brief description as to the aims of the fund shown below. 'Other' restricted funds comprise individual amounts less than £50,000.

The restricted funds in deficit at the year end represent 15 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 £1.4m. These assets have been transferred from the restricted funds reserve to the unrestricted fixed asset reserve.

The transfers of £440,000 relate to internal charges or income applied to the restricted funds for the use of Library facilities and services.

### **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.

### **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.

### **JISC: British Newspapers 1800 – 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.

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

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

### **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.

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

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

### **Sir Henry Thomas**

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

### **Condition of identical books in different nationally significant libraries**

The project will involve assessing the condition of identical books stored in different libraries, and correlating their condition with the environment they have experienced.

### **ETHOS**

This fund consists of monies awarded by JISC to the UK Thesis Digitisation Project to digitise up to 20,000 theses which will be loaded to the new ETHOS service to give downloadable content from day one of the service.

### **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, Sinai, the British Library, the University of Leipzig and the National Library of Russia.

### **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.

### **Cataloguing Projects Fund**

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

### **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.

### **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.

## 18. Statement of funds continued

### 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.

### Special Exhibitions

Funding for future exhibitions.

### T S Blakeney

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

### Business & IP Centre

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

### 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.

### Spratt-Bigot Bequest

For the purchase of works in French by French authors.

### Impact project

IMPACT is a project funded by the European Commission. It aims to significantly improve access to historical text and to take away the barriers that stand in the way of the mass digitization of the European cultural heritage.

### Turning the Pages

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

### Centre for Conservation

Funds raised from external sources to assist with the running of activities at the British Library Centre for Conservation.

### Survey of Illuminated manuscripts

These funds represent a grant from the Getty Foundation for two catalogues to catalogue the illuminated manuscripts in the Harley collection for the Catalogue of Illuminated Manuscripts.

### Co-operation and Partnership

Used for fees in respect of advice given by British Library staff on library related lottery applications.

### UK Research Reserve (UKRR)

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.

### Music Collections

Funding for specialist services not otherwise provided for, including cataloguing projects and My Ladye Nevells Booke outreach programme.

### Sir Adrian Boulton

Founded through a public appeal, for commissioning and production of recordings of musical lectures or similar functions.

### Warwick Festivals

An Arts and Humanities Research Board funded project with the University of Warwick to aid the digitisation of Renaissance Festival books in the collections of the British Library.

### Bridgewater Fund

The trust was founded in 1829, by late Francis Henry – Earl of Bridgewater, and is for the purchase of manuscripts for addition to the Bridgewater collection.

### Workshop Gallery

Sponsorship from commercial companies, used to assist the running and maintenance of the Gallery.

### Codex Sinaiticus Project II

For the preservation of Greek written heritage.

### North American Collections

A fund to enable the strengthening of the resources for American studies in the British Library.

### 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 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.

### Fitzgerald Airmail Fund

The trust was founded in 1953 by Mrs Fitzgerald with the aim to preserve and catalogue the Fitzgerald Airmail collection of stamps.

### The Folio Society

Sponsorship for the Folio Gallery to improve Front Hall exhibitions.

### AHRC: Digital Lives

The AHRC-funded Digital Lives research project is a study addressing gaps in research and thinking on personal digital collections. It considers not only how collections currently being deposited are changing but also the fate of the research collections of the future being created now and implications for collection development and practice.

### Web Archive Consortium

A programme to review the capability to discover and select, capture and store material relevant to the national collection published only in web form. The Programme is to be developed via a series of collaborative projects with international partners.

### Malvine Project

A partnership with the Malvine project, whereby the British Library contributes data and expertise to the development of an online access system to the modern manuscript holdings of European Libraries.

### Hazlitt

For the purchase of Early English books.

### Workshop Gallery

Sponsorship from commercial companies used to assist the running and maintenance of the Gallery.

### General Restricted funds for the British Library Collections

To support the work of Scholarship and Collections.

## 19. 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 2008/09.

	Early retirement/ severance provision £000	Other liability and charges £000	2007/08 Total £000	2006/07 Total £000
At 1 April	3,646	–	<b>3,646</b>	7,644
Additional provision	232	150	<b>382</b>	1,059
Utilisation of provision	(1,104)	–	<b>(1,104)</b>	(5,057)
At 31 March	2,774	150	<b>2,924</b>	3,646
Less: portion included in creditors due within one year	(803)	–	<b>(803)</b>	(824)
Amounts falling due after one year	1,971	150	<b>2,121</b>	2,822

## 20. Commitments under operating leases

	Land and buildings		Equipment	
	2007/08 £000	2006/07 £000	2007/08 £000	2006/07 £000
<b>Amounts payable within one year relating to operating leases which expire:</b>				
Within one year	–	–	<b>7</b>	7
Two to five years	<b>1,193</b>	1,238	<b>18</b>	18
More than five years	<b>8</b>	8	–	–
	<b>1,201</b>	1,246	<b>25</b>	25

## 21. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total £000
<b>Fund balances at 31 March 2008 are represented by:</b>			
Intangible fixed assets	–	–	–
Tangible fixed assets	574,585	–	<b>574,585</b>
Heritage assets	35,901	–	<b>35,901</b>
Investments	–	9,516	<b>9,516</b>
Current assets	29,023	13,256	<b>42,279</b>
Current liabilities	(20,189)	(190)	<b>(20,379)</b>
Non-current liabilities	(2,121)	–	<b>(2,121)</b>
<b>Total net assets</b>	<b>617,199</b>	<b>22,582</b>	<b>639,781</b>

## 22. Capital commitments

	2007/08 £000	2006/07 £000
Contracted and not provided for	7,278	14,536
Authorised, but not contracted for	274	598

The capital commitment figures include the contracted and authorised costs (£7.2m) for the building in the course of construction, the Additional Storage Programme at Boston Spa.

## 23. 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 space 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 2007/08 £000	Expenditure 2007/08 £000	Relationship
Sir Robert McAlpine Ltd	Contract payments for the construction of the British Library Centre for Conservation.		337	Robin Broadhurst a Consultant and Advisor to the related party served as a Trustee to the British Library
Friends of the British Library	Donations towards manuscript purchases and exhibition running costs.	51		Dr Kate McLuskie a Trustee of the related party also served as a Trustee to the British Library
Perpetuity Research and Consultancy International (PRCI)	Payments for assessment projects of security risk, mystery shopping and physical security testing.		81	Professor Robert Burgess committee member of the Finance Committee and Council at the University of Leicester which the related party reports through served as a Trustee to the British Library

There were no Debtor or Creditor balances for the Related Parties at 31 March 2008.

## 24. Post Balance Sheet events

There were no adjusting Post Balance Sheet events.

The accounts were authorised for issue on 11 July 2008 by the Accounting Officer.

## 25. Contingent liabilities

The British Library has no contingent liabilities.

## 26. 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 table below:

	2007/08 £000	2006/07 £000
Income	10	13
Expenditure	(1)	(15)
Unrealised gains/(losses) on investments	(17)	–
<b>(Deficit) for the year</b>	<b>(8)</b>	<b>(2)</b>
Investments	299	309
Short-term deposits	5	4
Net debtors/(creditors)	–	–
Cash at bank	50	39
<b>Net assets</b>	<b>354</b>	<b>352</b>

## 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 2008 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 judgments 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 2008 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.

T J BURR  
COMPTROLLER AND  
AUDITOR GENERAL  
11 JULY 2008

National Audit Office  
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### Design

British Library Design Office

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Spellman Walker

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The British Library extends thanks to everyone who has contributed to the development of this Annual Report and Accounts.

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ISBN 978 0 10 295360 2  
ISSN 0305 7887 (Print)  
ISSN 1755 1927 (Online)

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Limited on behalf of the Controller  
of Her Majesty's Stationery Office

ID5608149 07/08

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