



British Library Annual Accounts 2010/11

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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, Olympics, Media and Sport.

Board membership

Details of Board members who served between 1 April 2010 and 31 March 2011 are as published in the Annual Report.

Accounting conventions

The basis on which the Accounts have been prepared is stated on page 57 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 2011. In accordance with Section 5(1) of the Act, as amended by Statutory Instrument 1986 No 600, the Secretary of State paid to the British Library such sums as were necessary to defray expenditure incurred with his approval, so far as that expenditure exceeded the receipts derived from the exercise of the Board's functions and applied in such manner as required by Section 5(2) of the Act.

The Accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) 2005 Accounting for Charities and the HM Treasury Financial Reporting Manual (FRoM). A Statement of Financial Activities for the year is set out on page 54. 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 major challenges come from the digital future, the decline in core income streams and Grant in Aid. As a result there has been a significant reduction in the baseline expenditure platform for which a four-year strategy to 2015 has been developed to manage the changing environment.

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

The British Library's income for 2010/11 was £137.9m (£142.2m 2009/10), of which £105.8m (77%) was Grant in Aid (GIA) from the Department for Culture, Media and Sport. £96.4m of this was revenue Grant in Aid, with the balance of £9.4m for capital programmes.

Income from the provision of services from unrestricted funds was down slightly at £18.5m from £20.9m in 2009/10, and Restricted funds £1.4m from £1.7m. Voluntary income rose to £11.8m (£9.6m 2009/10) and investment income was static at £0.4m.

The Library's continued focus on efficiency has contributed to the delivery of the significant financial reductions required by cut-backs in Government funding in this and future financial years. In addition to in-year savings of around £4m, the Library has also repurposed substantial monies to reduce its staffing headcount through a voluntary exit programme (and so deliver further savings in future years) and to begin the delivery of a major programme of works to clean collection storage areas as identified as being necessary from asbestos survey work. The temporary closure of the asbestos-affected storage areas has impacted on the Library's income stream from document supply, placing further pressure on the Library's financial position in 2010/11. This will continue to be an issue into 2011/12, but at a declining rate as storage areas are brought back into use.

An additional challenge which the Library has faced has been in responding to the new financial controls and 'transparency' requirements which were put in place across the public sector by the Government. In an environment of shrinking resources, this has generated significant additional work for the Library to ensure it is able to comply with the new requirements.

During the course of the year, the transfer of material from the Library's leasehold buildings in London into the new automated storage building in Yorkshire was completed, allowing the Library to complete the vacation of all its remaining leasehold buildings. Preparatory works for the construction of a similar facility, specifically to hold the Library's newspaper collection in BS5454 archival conditions, have been completed and following confirmation of Government funding, the tender process for the appointment of a main building contractor is well advanced. Construction of the new facility is expected to begin in summer 2011.

There was a significant increase in numbers to the public programmes in the past year which can clearly be attributed to the success of the *Magnificent Maps* exhibition (226,923 visitors). Total visitor figures for the year 2010 were 750,569 which represent over half of the visits (52%) made to the building as a whole. This is an increase from 2009, when the public figures equated to 40% of total users.

Evolving English: One Language, Many Voices (November 2010 – April 2011) was the Library's most popular winter exhibition to date with 147,000 visitors, 162,000 web hits, over 10,000 contributions to the VoiceBank, 10,000 students attending workshops and an impressive £32,000 in donations.

This was the best ever year for the public programme. The total number of visitors for the year 2010/11 was 812,406, exceeding the target by 56% and also significantly higher than last year's total (41%, 576,061). In addition this figure represents a 32% increase in numbers attending the public programme compared to the previous year (570,115).

4,886,681 items were consulted over the web, 23% above the target for 2010/11. Nonetheless, this is lower than 2009/10 due to the exceptional worldwide interest in the digitised *Codex Sinaiticus* at its launch in summer 2009.

There were 1,669,511 visitors to our virtual public access facilities, 28% above the target for 2010/11 and over 300,000 more than in 2009/10. This success was assisted by a significant viral effect of social media interest in the *Magnificent Maps* and *Evolving English* exhibition web resources.

Reading Room average occupancy was at 76% and 4,432,981 items were consulted during the year.

Revenue expenditure on acquisitions for the collections was £16.5m (£17.7m 2009/10), and Capital expenditure £10m (£1.7m 2009/10).

There was a net increase in the movement of funds after revaluation in the year of £11.3m, of which £15.4m was due to an increase in the unrestricted funds and a decrease of £4.1m on the restricted funds. The overall net increase after revaluation was mainly due to the interim revaluation process of Modified Historical Cost Adjustment (MHCA).

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 Grant in Aid accounts for around 77% of the Library's income, which provides limited exposure to liquidity risk, the remainder of operational costs must be financed by self-generated income, which is volatile.

The overall objective of the Library's Reserves Policy is to provide continuing assurance that the solvency of the British Library will not be put at risk by short-term variations in income or expenditure levels and to create an appropriate level of resource capability to allow the Library to respond to unforeseen challenges or opportunities arising within a financial year. Levels of unrestricted funds, both current and forecast, will be kept under close scrutiny to ensure that they do not fall below the levels necessary to provide an adequate level of cover and are reported on as part of a quarterly financial monitoring process. The Reserves Policy, and the financial provision to be made within it, is 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 2011 were £19.1m of which £4.7m was earmarked by the British Library Board for future use. It is anticipated that the £4.7m will be spent within two years subject to Departmental spending approval. A prior period adjustment had the effect of increasing the General Fund by £10.5m (see note 2). Free Reserves increased to £3.9m in 2010/11 from £2.5m in 2009/10. In 2011/12 the Library will aim to continue to hold a minimum of £2.8m in Free Reserves to provide contingency provision.

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 2011, 90% of invoices were paid within 30 days (88% 2009/10).

Bankers, External Auditors, Solicitors and Investment Managers

The following organisations were the Library's principal suppliers of professional financial and investment services during 2010/11:

Lloyds TSB Bank plc
39 Threadneedle Street
London
EC2R 8AU

Comptroller and Auditor General
National Audit Office
157–197 Buckingham Palace Road
London
SW1W 9SP

Legal and General Investment Management Limited
One Coleman Street
London
EC2R 5AA

The British Library does not have a principal supplier for Legal Services; instead the Library uses suppliers that are fit for the specific purposes required.

Investments

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

There has been a continuing improving trend from the low point of 2009 which was badly affected by the sub-prime mortgage crisis and the onset of the UK recession which had reduced fund values by 20%. Trust Fund investments recovered to £11.2m at 31 March 2011 representing 8.3% increase on last year.

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

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

- a broad asset allocation which minimises the exposure to adverse factors which may affect one or more classes of assets;
- maintaining a relatively high liquidity level;
- regularly monitoring investment performance.

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

Equality and diversity

The British Library Board is an equal opportunities employer and is committed to promoting diversity. The Library employs a Policy and Diversity Manager, an HR Diversity Business Partner, and an HR Advisor for Policy and Diversity areas.

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'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 also has a policy for Equality Impact Assessment and has published a Unified Equality Scheme for Gender, Race and Disability and is progressing action plans under this scheme. The Library is also working towards a Single Equality Scheme that will embrace all areas of diversity including Sexual Orientation, Age, Religion and Belief.

Staff sickness data

The absence average for the British Library for the 12-month period ending 31 March 2011 was 6.8 days (6.38 days in 2009/10). This figure is calculated using the number of week days lost over headcount and is based on absence data for all active staff but excluding unpaid absence and maternity leave.

Pensions

Staff of the British Library are entitled to join one of the Principal Civil Service Pension Schemes (or Nuvos scheme for those joining after 30 July 2007) or a partnership pension account (for those joining post 1 October 2002). Full details of pensions and contributions are given in note 7a.

Environmental matters

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

The British Library has made good progress in 2010/11 in reducing energy consumption following the implementation of several energy saving projects from our Energy Action Plan. Works have included replacing the heating and hot water systems with new, highly efficient gas boilers and the introduction of LED lighting in public areas, including the Kings Library Tower. This has resulted in an overall reduction in our carbon emissions from 14,026 tonnes of CO₂ in 2009/10 to 12,621 tonnes in 2010/11, a saving of 10% (1,405 tonnes).

Data protection

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

There are no Data Protection incidents to report for 2010/11 and the Library will continue to monitor and assess its information risks in order to identify and address any weaknesses and to ensure continuous improvements of its systems.

Communications with employees

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

Key objectives

Details of the Library's strategic priorities can be found in the Annual Report on pages 22 to 27.

Related Party Transactions

Details of related party transactions are disclosed on page 78 at note 22.

Code of Best Practice on Corporate Governance

A Statement on Internal Control is included on pages 50 to 52 and the Library has achieved full compliance in this respect, as at March 2011.

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

RT HON BARONESS BLACKSTONE PC
CHAIRMAN
1 JULY 2011

DAME LYNNE BRINDLEY DBE
ACCOUNTING OFFICER
1 JULY 2011

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:

Remuneration Policy

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:
Dawn Airey (Chair)
Baroness Tessa Blackstone
David Barclay
Professor Kate McLuskie

In attendance:

Mary Canavan (Secretary),
Director of Human Resources
Dame Lynne Brindley, Chief Executive

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

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

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

Members of the Executive Team are eligible for non-consolidated annual bonuses of up to 10% of basic salary and in addition are eligible for a share of an annual team bonus of £24,000 based on the achievement of four corporate key performance objectives.

In addition they are also eligible for a share of an additional discretionary sum of £6,000 if the Remuneration Committee considers that a high level of performance has been achieved.

The Remuneration Committee considers the achievement of objectives of 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.

Other than the two Associate Directors, 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. Note: The two Associate Director posts were temporary promotions for a period of two years with effect from 1 April 2009.

Remuneration and pension entitlements (audited)

Remuneration includes: gross salary; 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. Performance pay or bonuses are disclosed separately.

Bonuses are based on performance levels attained and are made as part of the appraisal process. They relate to performance in the previous year, therefore, bonuses paid in 2010/11 are based on 2009/10 performance, and bonuses paid in 2009/10 are based on 2008/09 performance.

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

THE PENSION ENTITLEMENTS OF AND THE SALARY PAID DURING THE YEAR TO THE CHAIRMAN AND EXECUTIVE TEAM

		Remuneration paid to 31 March £000	Bonus Paid in year £000	Real increase in pension at age 60 £000	Total accrued pension at age 60 as at 31 March £000	Cash Equivalent Transfer Value		
						CETV as at 1 April ¹ £000	CETV as at 31 March £000	CETV Real Increase £000
Baroness Tessa Blackstone, Chairman (from 1 Sept 2010)	2010/11	20 – 25 (FTE 35 – 40)						
Sir Colin Lucas, Chairman (until 31 Aug 2010)	2010/11	15 – 20 (FTE 35 – 40)						
	2009/10	35 – 40						
Dame Lynne Brindley DBE, Chief Executive	2010/11	155 – 160 Plus lump sum of	15 – 20	0 – 2.5 (2.5 – 5)	75 – 80 160 – 165	1,579	1,689	17
	2009/10	155 – 160 Plus lump sum of	15 – 20	2.5 – 5 5 – 7.5	70 – 75 155 – 160	1,468	1,648	100
Richard Boulderstone, Director	2010/11	115 – 120	10 – 15	0 – 2.5	30 – 35	416	491	21
	2009/10	115 – 120	10 – 15	0 – 2.5	25 – 30	374	458	45
Mary Canavan, Director	2010/11	105 – 110	10 – 15	0 – 2.5	55 – 60	829	910	7
	2009/10	105 – 110	10 – 15	0 – 2.5	50 – 55	803	905	54
Steve Morris, Director	2010/11	125 – 130	10 – 15	0 – 2.5	60 – 65	831	913	8
	2009/10	120 – 125	10 – 15	0 – 2.5	55 – 60	812	927	59
Philip Spence, Director	2010/11	120 – 125	15 – 20	0 – 2.5	5 – 10	77	105	18
	2009/10	115 – 120	10 – 15	0 – 2.5	5 – 10	53	90	29
Frances Brindle, Director (from 8 June 2009)	2010/11	120 – 125	10 – 15	2.5 – 5	5 – 10	19	45	21
	2009/10	100 – 105 (FTE 115 – 120)	–	0 – 2.5	0 – 5	0	23	19
Caroline Brazier, Associate Director	2010/11	90 – 95 Plus lump sum of	0 – 5	0 – 2.5	5 – 10 25 – 30	149	179	16
	2009/10	85 – 90	0 – 5	0 – 2.5	5 – 10	120	164	35
Patrick Fleming, Associate Director	2010/11	80 – 85	0 – 5	0 – 2.5	5 – 10	62	88	18
	2009/10	75 – 80	0 – 5	0 – 2.5	0 – 5	38	68	25
Ronald Milne, Director (until 11 Sept 2009)	2009/10	45 – 50 (FTE 100-105)	5 – 10	0 – 2.5	40 – 45	621	677	–

¹ The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using previous factors.

The Library Executive team have waived the right to their 2010/11 bonuses.

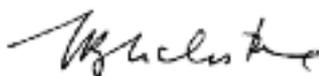
Cash Equivalent Transfer Values

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

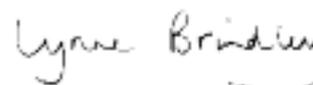
their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include 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.



RT HON BARONESS BLACKSTONE PC
CHAIRMAN
1 JULY 2011

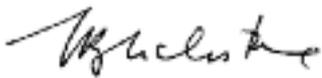


DAME LYNNE BRINDLEY DBE
ACCOUNTING OFFICER
1 JULY 2011

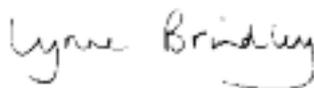
BOARD AND ACCOUNTING OFFICER'S RESPONSIBILITIES

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*.



RT HON BARONESS BLACKSTONE PC
CHAIRMAN
1 JULY 2011



DAME LYNNE BRINDLEY DBE
ACCOUNTING OFFICER
1 JULY 2011

STATEMENT ON INTERNAL CONTROL – 2010/11

1. Scope of responsibility

In line with the responsibilities as set out above, the Chairman, 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 for 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 2011 and up to the date of the approval of the Annual Report and Accounts, and it accords with HM Treasury guidance.

3. Capacity to handle risk

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

Activities undertaken during the year include:

Internal audit reviews to confirm robust controls

For the twelve months ending 31 March 2011, based on the work undertaken, Internal Audit provided a positive opinion regarding the adequacy and effectiveness of the British Library's arrangements for governance, risk management and control. The Internal Audit Assurance Statement is based on a red, amber and green traffic light rating. A 'green' rating was awarded to each of the three categories for 2010/11.

A total of 23 individual reviews took place during the year, of which 17 were assurance reviews and six advisory/other reviews. 43% of the reviews received a 'green' rating (56% 2009/10) and 57% 'amber' (44% 2009/10). There were no 'red' rated reviews.

A total of 89 recommendations were made, of which 86 were accepted by management. Of the remaining three recommendations, two were rated 'low' and one 'medium' on the basis that the recommendations would not be practical to administer or would not add a tangible benefit to the Library.

Government Spending Review

The Library's 2010/11 budget was prepared and approved in anticipation of potentially significant reductions in the future levels of Grant in Aid to be paid to the Library. Preparatory work was undertaken to draw up planning options to respond to such reductions. This work enabled the Library to reconfigure its in-year budget in response to a 3% in-year Grant in Aid cut made in July 2010, and to adopt a strategic four-year financial plan in February 2011 to deliver the savings required by the halving of the Library's baseline capital Grant in Aid and by the 15% cut in resource Grant in Aid announced in the November 2010 Comprehensive Spending Review settlement.

Developing processes and controls to meet Payment Card Industry (PCI) standards

An Internal Audit report in 2009 concluded that 'the Board can take limited assurance that the controls upon which the organisation relies to manage this area are effective'. The Board Audit Committee was made aware of the associated risks and an action plan was implemented. A number of work streams were set up and as a result significant progress has been made in addressing the issues raised in the report. The British Library is now working towards full PCI compliance which it expects to achieve in 2011.

Business Continuity

The British Library has business continuity arrangements in place which received a substantial assurance rating from the last Internal Audit review. However, the British Library's business continuity framework will continue to be reviewed and developed to ensure that it remains up to date, robust, fit for purpose, flexible and able to respond to incidents as required.

Providing assurance across major programmes and projects

The Library continues to embed more consistent and robust risk management of its programmes and projects through the Portfolio Dashboard as part of the wider strategic performance reporting. Our major programmes continue to be challenged in line with Office of Government Commerce (OGC) principles of the Gateway Review Process and the Library's Business Assurance and Review team work with colleagues across the portfolio of programmes and projects in the management of their risks.

Procurement

The Legal and Contracts Service (LCS) team is engaged with the Contracts Campaign to review live contracts held in the Library which have not previously been reviewed by LCS, with particular reference to liability, risk and Intellectual Property Rights. The Government's Transparency agenda for Procurement has required the Corporate Procurement Unit (CPU) to develop a new compliance process and reporting to DCMS. Directorates have had information sessions and CPU are proactively identifying spend to ensure effective Governance.

Efficiency and Value for Money (VfM)

The Library has maintained its ongoing programme of value for money work, including cross-cutting VfM reviews and continuous improvement programmes. Increasingly, however, this work is now focusing in particular on the maintenance of services at reduced cost in the light of the budget reductions required of the Library.

Government Transparency Agenda

The Government has set out the need for greater transparency across its operations to enable the general public to hold public bodies and politicians to account. In line with the Government's agenda for greater transparency, the Library established a regular means of publishing the following information during the course of 2010/11:

- All new competitive tender documents for contracts of a value over £10,000
- Full details of all new contracts of a value over £10,000
- All supplier payments for individual invoices of a value over £25,000
- An organogram showing our organisational structure
- The salaries of senior members of staff.

Asbestos Remediation Programme

As a result of the Library's asbestos management programme, findings made in areas of the Colindale and Boston Spa sites required the Library urgently to undertake a substantial programme of remediation works in full compliance with Health and Safety regulations. These works have been completed at Colindale, but remain ongoing at Boston Spa. Due to the significant scale, cost and complexity of the Boston Spa works, a formal governance programme has been established to oversee these works. The Library fully funded the works from within its existing budget in 2010/11 and has set aside significant budgetary provision (including through access to reserves) for 2011/12.

Strategic Development

We launched our *2020 Vision* in September 2010, following 12 months of extensive and wide-ranging research and consultation. In today's climate of significant technological change, our 10-year vision highlights what are likely to be the key trends and opportunities over the next decade, and indicates how we will develop as an organisation to increase access to the world's knowledge base for our users.

- Our mission: Advancing the world's knowledge
- Our vision: In 2020, the British Library will be a leading hub in the global information network, advancing knowledge through our collections, expertise and partnerships, for the benefit of the economy and society and the enrichment of cultural life.

Growing Knowledge: The British Library's Strategy 2011–2015 was launched in February 2011. This followed the launch of our *2020 Vision* and the Comprehensive Spending Review which clarified our funding from Government for the period 2011–2015. In this severely constrained financial context, we finalised our plans for the next four years focussing on five clear strategic priorities, based on the five themes of our *2020 Vision*:

- Guarantee access for future generations
- Enable access to everyone who wants to do research
- Support research communities in key areas for social and economic benefit
- Enrich the cultural life of the nation
- Lead and collaborate to grow the world's knowledge base.

Annual stewardship reports

The Board Audit Committee received annual stewardship reports on:

- Health and Safety
- Security
- Freedom of Information
- Data Protection
- Pension administration
- Collection security.

4. The risk and control framework

The Library's risk management policy was endorsed by the Board in May 2008 and revised in 2010 and it seeks to meet the requirements outlined above in paragraph 2 and to embed the identification and management of risk within its strategic, operational and project plans. The approach adopted meets the requirements of the HM Treasury guidance on *Management of Risk – A Strategic Overview* ('*The Orange Book*') and it is enhanced with best practice from other organisations as opportunities arise. The aim is to ensure that risk management is not viewed as separate from competent and prudent management but is an endemic part of every management decision, whether big or small.

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

Risks are managed in accordance with an agreed approach to mitigate the impact or likelihood for each risk ranging from terminating the risk, through possible reduction measures, acceptance and ongoing monitoring.

In 2010, the British Library Board agreed a statement on risk appetite which provides a guide as to the level of risk that risk owners should accept in pursuit of the Library's objectives.

The Library's major areas of risk identified by this process are its funding streams, and its ability to deliver the Corporate Strategy for 2011–15 while delivering planned cost reductions resulting from the Comprehensive Spending Review. High-risk areas also include the delivery of its e-strategy in order to maintain its world-leading position, its capability to adapt to changing market conditions, and the need to manage the impact of legislation.

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

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

Risks are reviewed:

- Annually by the Board;
- Quarterly by the Executive Team;
- By the Board Audit Committee at each of its meetings;
- By Directorate Management teams for their own subset of risks.

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

During the year, risk management was the subject of an Internal Audit review and it was concluded that 'There are no fundamental or significant recommendations that we consider to be receiving inadequate management attention.' (January 2011)

Managing information risk

The Library set up a Corporate Information Governance Group to raise the profile of, and co-ordinate, the Library's work on information governance. The year 2010/11 represented this Group's first full year of operation. The Library's work in information governance covers information compliance, information management and information security. During the year, a number of achievements have been made including the development of:

- A revised Personal Information Policy
- A revised Records Management Policy
- An Information Asset Register which captures the details of our assets
- An awareness programme in which we have drawn to the attention of staff a range of topics including:
 - guidance on clean desks and clear screens;
 - the actions to take if an information incident occurs;
 - the availability of encrypted USB sticks;
 - the management and protection of personal information which is processed by another organisation on behalf of the Library.

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

Board

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

Board Audit Committee (BAC)

The Board Audit Committee advises the Board on:

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

The members of the Board Audit Committee during 2010/11 were:

Sir Kenneth Calman (Chair)
E Mackay CB
Lord Fellowes
B Smith (External member with relevant professional expertise)

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 it 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.

Construction Projects Committee (CPC)

The Construction 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-£m capital construction projects, currently the Additional Storage Programme and the Newspaper Programme. The Committee meets four times a year and reports regularly to the Board.

The members of the Construction Projects Committee during 2010/11 were:

E Mackay CB (Chair)
R Broadhurst
Dame Lynne Brindley DBE
Professor K McLuskie
P Goffin (External member with relevant professional expertise)

Board Investment Committee (BIC)

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

The members of the Board Investment Committee during 2010/11 were:

Baroness Blackstone (Chair)
– from 1 September 2010
Sir Colin Lucas (Chair)
– until 31 August 2010
E Mackay CB
R Broadhurst
Dame Lynne Brindley DBE
D Truell (External member with relevant professional expertise)

Executive Team

The Executive Team is responsible for operational management and for risk review in each of their respective 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 highlight these risks and any issues through their appropriate Directorate Finance Manager.

RT HON BARONESS BLACKSTONE PC
CHAIRMAN
1 JULY 2011

DAME LYNNE BRINDLEY DBE
ACCOUNTING OFFICER
1 JULY 2011

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 2011 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, the Accounting Officer and auditor

As explained more fully in the Board and Accounting Officer's Responsibilities, the Board and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the British Library Act 1972. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Library's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or

inconsistencies I consider the implications for my certificate. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the British Library's affairs as at 31 March 2011 and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with the British Library Act 1972 and Secretary of State directions issued thereunder with HM Treasury's approval.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions with HM Treasury's approval made under the British Library Act 1972; and
- the information given in the Governance and leadership: Directorate Structure and Corporate Governance sections of the Annual Report and the Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

AMYAS C E MORSE
COMPTROLLER AND
AUDITOR GENERAL

National Audit Office
157–197 Buckingham Palace Road
Victoria, London SW1W 9SP

5 July 2011

THE BRITISH LIBRARY BOARD
Statement of Financial Activities

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	Unrestricted funds £000	Restricted funds £000	Total 2010/11 £000	Total 2009/10 Re-stated £000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	3	921	10,853	11,774	9,616
Investment income	5	54	361	415	418
Incoming resources from charitable activities					
Provision of services	4	18,474	1,432	19,906	22,674
Other incoming resources					
Grant in Aid	6	105,847	–	105,847	109,464
Total incoming resources		125,296	12,646	137,942	142,172
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		342	–	342	411
Investment Management costs		–	17	17	15
Charitable activities					
Capture extensively and store UK digital publications		2,828	1,053	3,881	4,380
Connect our users with content		88,411	2,048	90,459	94,438
Transform access and preservation for newspapers		2,744	–	2,744	4,165
Support UK research with innovative services and integrated processes		1,533	2,689	4,222	4,101
Build our digital infrastructure		4,034	899	4,933	3,826
Integrate storage and preservation of physical collections		26,825	(368)	26,457	24,639
Develop as an organisation		4,049	450	4,499	6,172
Governance costs		663	4	667	678
Total resources expended	7	131,429	6,792	138,221	142,825
Net increase / (decrease) in resources before transfers					
Transfer between funds	17	(6,133)	5,854	(279)	(653)
		10,520	(10,520)	–	–
Net (outgoing) / incoming resources before recognised gains and losses					
Other Recognised gains / (losses)	8	4,387	(4,666)	(279)	(653)
Other Recognised gains / (losses)					
Unrealised gain / (loss) from fixed asset investments	11	–	537	537	2,401
Revaluation of fixed assets	9	11,071	–	11,071	(41,727)
Net movement in funds after revaluation and gains / (losses)					
		15,458	(4,129)	11,329	(39,979)
Reconciliation of Funds					
Fund balances brought forward at 1 April	2	571,406	17,791	589,197	629,176
Fund balances carried forward at 31 March		586,864	13,662	600,526	589,197

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 57 to 79 form part of these accounts.

THE BRITISH LIBRARY BOARD

Balance Sheet

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/11 £000	2009/10 Re-stated £000
Fixed assets			
Tangible assets	9	510,698	506,771
Heritage assets	10	51,769	41,076
Investments	11	11,196	10,339
		573,663	558,186
Current assets			
Stocks	13	843	802
Debtors and prepayments	14	14,679	14,144
Cash at bank and in hand	15	39,493	38,165
		55,015	53,111
Current liabilities			
Creditors: amounts falling due within one year	16	(27,179)	(20,669)
Provisions: amounts falling due within one year	18	(368)	(511)
		(27,547)	(21,180)
Net current assets		27,468	31,931
Total assets less current liabilities		601,131	590,117
Provision for liabilities and charges	18	(605)	(920)
Net assets		600,526	589,197
Represented by:			
Income funds			
Restricted funds	17	13,662	17,791
Unrestricted funds			
Fixed Asset reserves	17	537,718	523,745
Donated Asset reserve	17	24,749	24,102
Designated funds	17	5,219	5,794
General funds	17	19,178	17,765
Total funds		600,526	589,197

The notes on pages 57 to 79 form part of these accounts.

The financial statements on pages 54 to 56 and accompanying notes on pages 57 to 79 were approved by the Board/Trustees on 1 July 2011, and were signed on their behalf by:

RT HON BARONESS BLACKSTONE PC
CHAIRMAN
1 JULY 2011

DAME LYNNE BRINDLEY DBE
ACCOUNTING OFFICER
1 JULY 2011

THE BRITISH LIBRARY BOARD
Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2011

	2010/11		2009/10
	£000	£000	Re-stated £000
Reconciliation of net movement in funds to net cash inflow from operating activities			
Net movement in funds	11,329		(39,979)
Depreciation	15,667		18,862
Donated Assets	(647)		(423)
Loss on asset disposals	901		47
Unrealised (gain) / loss on investments	(537)		(2,401)
Revaluation of Property and Plant and Machinery	(11,071)		41,727
Provision for liabilities and charges greater than one year	(315)		(570)
(Increase) / Decrease in stocks	(41)		27
Increase in debtors	(535)		2,622
Increase in creditors and provisions less than one year	6,367		943
Net cash inflow from operating activities		21,118	20,855
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(9,424)		(14,951)
Purchase of heritage assets	(10,046)		(1,683)
Purchase of investments	(320)		(325)
Net cash outflow from capital expenditure and financial investment		(19,790)	(16,959)
Increase in cash in the year		1,328	3,896
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		1,328	3,896
Net funds as at 1 April		38,165	34,269
Net funds as at 31 March		39,493	38,165

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, Olympics, 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, (SORP), the Charities Act 1993, the Charities (Accounting and Reports) Regulations 2005, the *Financial Reporting Manual* and generally accepted accounting practice so far as considered appropriate or as modified by Treasury guidance.

Within the Statement of Financial Activities the Library reflects its costs against its strategic priorities as a proxy for the charitable activities required by the SORP.

In addition, modified historic cost accounting has been utilised more fairly to 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 in which it is received.

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

Donations are included in the Statement of Financial Activities on a cash received basis, or where all entitlement criteria of certainty and measurability as per the Statement of Recommended Practice (SORP) 2005 have been met by the Balance Sheet date.

UK Grants from government bodies, funds from the EU and other grants are recognised in the Library's Accounts when the grantor's terms and conditions have been satisfied.

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.

The British Library is able to recover VAT relating to the expenditure for primary purpose activities, any irrecoverable VAT is apportioned across the strategic priority cost categories detailed in note 7.

d) Valuations

In accordance with FRS 15, 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. The structural plant and machinery element of the property is also included within the professional revaluations.

In the interim years, land, property and Plant and Machinery are revalued using relevant price indices.

e) Fixed Assets

The British Library holds and conserves a number of collections made up of books, journals, newspapers, magazine, sound and music recordings, patents, databases, maps, manuscripts and much more. In accordance with the Financial Reporting Manual, FRS 15 and FRS 30 (Heritage Assets), assets acquired before 1 April 2001 have not been capitalised, since reliable estimates of cost or value are not available on a cost benefit basis. Additions to the collection acquired since 1 April 2001 are capitalised and recognised in the Balance Sheet under Heritage Assets. The assets are classified by whether the items were bought by, or donated to, the Library. 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 expensed when the expenditure is incurred.

Items donated to the collection by third parties, either by gift of the asset or 'in lieu of tax', are capitalised at current value on receipt. Donated assets are not depreciated as due to their infinite useful life and high residual value any depreciation charge would be immaterial. As the assets are not depreciated they are subject to an annual impairment review.

An overview of the scope of the British Library collections is set out at Note 10.

Depreciation is provided on all intangible and tangible fixed assets, other than freehold land and collection items.

Expenditure on building digital infrastructure is capitalised on an annual basis, any directly attributable costs for the digital programmes are capitalised and depreciated in line with other computer equipment.

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 75 years.

Plant and machinery, office and computer equipment

3 to 25 years.

Computer equipment

3 to 5 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 period in which it is received.

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. 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 (SOFA).

i) Operating leases

Costs relating to operating leases are charged to the SOFA over the life of the lease.

j) Fund accounting

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

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

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

Restricted funds are charged for any Library services they utilise.

k) Financial Instruments

The Library has applied *FRS 25 Financial Instruments: Presentation*, *FRS 26 Financial Instruments: Recognition and Measurement* and *FRS 29 Financial Instruments*.

Financial Assets

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

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

Financial Liabilities

Trade creditors are short-term and are stated at carrying value in recognition that these liabilities fall due within one year. Customer deposits are stated at cost and are repayable on demand. Provision for employees known to be leaving the organisation within one year under early retirement or early severance terms are accounted for under financial liabilities.

l) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category, including an apportionment of overhead and support costs as shown in note 7.

a) Costs of generating funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

b) Charitable Activities

- i. Costs incurred on capturing extensively and storing UK digital publications include all costs associated with collecting current digital publications.
 - ii. Connect our users with content costs represent the costs of maintaining and improving catalogues and resource systems.
 - iii. Transform access and preservation for newspapers costs are those incurred in building a dedicated newspaper storage facility and digital access to newspapers.
 - iv. Support UK research with innovative services and integrated processes includes all the costs for developing and modernising research tools in different educational sectors.
 - v. Build our digital infrastructure costs are those incurred in developing systems to provide storage, preservation and long-term access to digital material.
 - vi. Integrate storage and preservation of physical collections costs are those incurred in safeguarding the national collection and enhancing the security of the vulnerable material.
 - vii. Develop as an organisation costs represent the costs of developing and implementing strategies to support the workforce, the community and the environment.
- c) Governance costs include the costs of providing the governance infrastructure that allows the Library to operate including the costs of statutory and internal audit.

2. Prior Year Adjustment

Subscriptions

During 2010/11 it became apparent the British Library was not accounting for its subscriptions on an accruals basis; the full 12-month charge was being accounted for in the year the invoice was received. As this is a fundamental error in prior years the balance sheet opening balances as at 1 April 2010 were restated as follows:

Statement of Financial Activities

Resources Expended – Charitable Activities – Connect our users with content

The above charitable activity expenditure for 2009/10 was increased by £61,000 to reflect the movement in prepayments.

INCREASE TO EXPENDITURE

Release of 2008/09 subscription services prepayment	£10,599,000
Prepayment of 2009/10 subscription services	(£7,317,000)
Correction of 2009/10 accruals for subscription services	(£3,221,000)
Net Increase in expenditure	£61,000

Funds brought forward increased by £10,599,000 due to the prepayment of subscription services invoices in 2008/09.

Balance Sheet

Current Assets

Current Assets – Debtors have increased by £7,317,000. Subscription invoices for the period 1 January 2010 to 31 December 2010 were received and paid before 31 March 2010 but the element of the costs relating to 2010/11 were not initially recognised as a prepayment which understated the current asset position of The British Library. This has been corrected with this prior year adjustment.

Current Liabilities

Creditors have decreased by £3,221,000 due to the full value of subscription invoices not received or paid at 31 March 2010 being accrued when only 3 months (January to March) of the subscription period should have been accrued.

Income Funds

General funds increased by £10,599,000.

STATEMENT OF FINANCIAL ACTIVITIES EXTRACT

	Note	Actual 2009/10 £000	Correction	Corrected Actual 2009/10 £000
Resources Expended		94,377	61	94,438
Total Resources Expended		142,764	61	142,825
Net decrease in resources before recognised gains and losses		(592)	(61)	(653)
Fund balances brought forward at 1 April		618,577	10,599	629,176

Balance Sheet Extract

Current Assets

Debtors and Prepayments	14	6,827	7,317	14,144
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Current Liabilities

Creditors: amount falling due within one year	16	23,890	(3,221)	20,669
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Net Current Assets		21,393	10,538	31,931
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Income Funds

General Funds	17	7,227	10,538	17,765
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Notional Costs

Due to changes necessary to aid alignment of budgets, estimates and accounts the Financial Reporting Manual (FReM) in 2010/11 has been updated with a number of changes. One of the updates is that the notional cost of capital charge is no longer required within the accounts. The Statement of Financial Activities (SOFA) for 2009/10 has been restated to reflect the change.

STATEMENT OF FINANCIAL ACTIVITIES EXTRACT

	Note	Actual 2009/10 £000	Correction	Corrected Actual 2009/10 £000
Net decrease in resources before notional costs and transfers		(592)	(61)	(653)
Notional Cost of Capital		(20,891)	20,891	–
Transfer between funds		–		–
Net outgoing resources after notional costs and transfers		(21,483)		(653)
Reversal of notional cost of capital		20,891	(20,891)	–
Net (outgoing) resources before recognised gains and losses		(592)		(653)

3. Voluntary income

	2010/11 Unrestricted £000	2010/11 Restricted £000	2010/11 Total £000	2009/10 £000
Donated assets	647	–	647	423
Other donations and grants	274	10,853	11,127	9,193
Total voluntary income	921	10,853	11,774	9,616

The above grants include £0.8m of EU grants in 2009/10. No EU grants were received in 2010/11.

4. Provision of Services

Provision of services includes Document Supply services and associated activities, computer information search, sponsorship income, retrieval and publications and retail income.

The provision of services income can be further analysed by both business and geographical segments.

A) CLASSES OF BUSINESS

	2010/11	2009/10
	£000	Re-stated £000
Capture extensively and store UK digital publications	865	1,127
Connect our users with content	13,958	16,589
Transform access and preservation for newspapers	558	512
Support UK research with innovative services and integrated processes	1,797	1,697
Build our digital infrastructure	33	33
Integrate storage and preservation of physical collections	301	484
Develop as an organisation	58	35
Other	2,336	2,197
	19,906	22,674

B) GEOGRAPHICAL SEGMENTS

	2010/11	2009/10
	£000	£000
United Kingdom	12,962	15,260
Overseas	6,944	7,414
	19,906	22,674

5. Investment income

	2010/11	2009/10
	£000	£000
Interest receivable	78	79
Dividends receivable	337	339
Total investment income	415	418

6. Other incoming resources

Grant in Aid

Total Grant in Aid drawn down by the British Library Board was £105.8m, with £9.4m being allocated for capital projects/improvements (£109.5m received in 2009/10, £12.1m re: capital). This money is available for running costs, capital improvements and collection purchases.

7. Net cost of resources expended

	Staff	Other direct costs	Depreciation	Allocated support costs	Total cost	Income	Allocated support income	2010/11 Net cost ¹	2009/10 Total cost Re-stated
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Direct costs									
Costs of Generating funds	268	74	–	–	342	(15)	–	327	394
Investment Management Fees	–	17	–	–	17	–	–	17	15
Capture extensively and store UK digital publications	1,259	1,092	110	1,420	3,881	(879)	(98)	2,904	2,333
Connect our users with content	27,841	22,019	492	40,107	90,459	(16,272)	(2,767)	71,420	72,770
Transform access and preservation for newspapers	107	282	4	2,351	2,744	(558)	(162)	2,024	3,421
Support UK research with innovative services and integrated processes	1,496	1,753	1	972	4,222	(2,635)	(67)	1,520	659
Build our digital infrastructure	501	261	824	3,347	4,933	(659)	(231)	4,043	2,660
Integrate storage and preservation of physical collections	8,647	3,884	1,692	12,234	26,457	(6,285)	(844)	19,328	21,819
Develop as an organisation	1,732	841	15	1,911	4,499	(491)	(132)	3,876	5,367
Governance costs ²	164	503	–	–	667	–	–	667	678
	42,015	30,726	3,138	62,342	138,221	(27,794)	(4,301)	106,126	110,116
Support costs									
Information systems	5,051	1,837	298	(7,186)	–	(39)	39	–	–
Corporate services	19,944	22,981	12,231	(55,156)	–	(4,262)	4,262	–	–
	67,010	55,544	15,667	–	138,221	(32,095)	–	106,126	110,116

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.

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

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

A) STAFF COSTS

	2010/11 Library staff £000	2010/11 Agency £000	2010/11 Total £000	2009/10 £000
Wages and salaries	49,796	1,208	51,004	54,092
Social security costs	3,850	–	3,850	3,875
Pension disbursements	9,116	–	9,116	9,316
Voluntary redundancy/restructuring programme for former employees				
In-year exit costs	2,711	–	2,711	132
	65,473	1,208	66,681	67,415
Board Members' remuneration (See i) Board Members' remuneration on page 65	329	–	329	334
	65,802	1,208	67,010	67,749

During the year £1.6m (£1.8m 2009/10) of staff costs have been capitalised as part of the Digital Library Programme (£835k) (£900k 2009/10) and the Newspaper Storage Building (Assets in the Course of Construction ICC) (£796k) (£900k 2009/10) and are therefore not included in the above figures.

CIVIL SERVICE COMPENSATION SCHEME (EXIT PACKAGES IN THE ABOVE TABLE)

	Number of compulsary redundancies	Number of other departures agreed	Total number of packages by cost band
Exit package cost band			
< £10,000	–	4	4
£10,000 – £25,000	–	32	32
£25,000 – £50,000	–	27	27
£50,000 – £100,000	–	12	12
£100,000 – £150,000	–	2	2
£150,000 – £200,000	–	–	–
Total number of exit packages	–	77	77
Total Resource cost £		2,600,964	2,600,964

No exit packages were agreed in 2009/10.

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 members of 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.

Pension disbursements relate to:

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

For 2010/11, employers' contributions of £9,047,846 were payable to PCSPS (2009/10 £9,242,630) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full valuation. From 2009/10, the salary bands were revised but the rates are in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2010/11 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 of £68,354 were paid to one or more of the four appointed stakeholder pension providers (2009/10 £73,117). 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

	2010/11 £000	2009/10 £000
Fees and salaries	300	305
Social Security costs	29	29
	329	334

Remuneration for non-pensionable Board Members:

Dawn Airey	9.0	9.0
Robin Broadhurst CVO CBE	9.0	9.0
Professor Sir Robert G Burgess (until 19 Jan 2011)	7.0	9.0
Sir Kenneth Calman	9.0	9.0
Lord Fellowes	9.0	9.0
Sheila Forbes CBE (until 19 Jan 2011)	7.0	9.0
Professor Dame Wendy Hall DBE	9.0	9.0
Eileen Mackay CB	9.0	9.0
Dr Kate McLuskie	9.0	9.0
Dr Maggie Semple OBE	9.0	9.0
Dr Stephen Page (wef 26 Jan 2011)	2.0	–
Dr Michael Lynch OBE (wef 26 Jan 2011)	2.0	–
Mr David Barclay (wef 26 Jan 2011)	2.0	–
	92.0	90.0

The Board Members' remuneration total above includes all Board Members, the Chairman, the Chief Executive and the list of Board members below. Details of the Chairman and Chief Executive's remuneration can be found in the remuneration report on page 47.

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 £6,401 (£8,600 in 2009/10) was been paid to seven (seven in 2009/10) Board Members for travel expenses.

ii) SENIOR EMPLOYEES' REMUNERATION

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:

	2010/11 No.	2009/10 No.
Remuneration range		
£60,001 – £70,000	13	15
£70,001 – £80,000	2	6
£80,001 – £90,000	3	3
£90,001 – £100,000	–	3

All of the above employees are part of the PCSPS pension scheme except one who is not in any pension.

AVERAGE FULL TIME EQUIVALENT (FTE) STAFF DURING THE YEAR

	Staff directly employed by the British Library	Agency	2010/11 Total (FTE)	2009/10 Total (FTE)
Chief Executive's Office	7	–	7	7
e-Strategy and Information Systems	170	–	170	164
Finance and Corporate Services	118	1	119	127
Human Resources	126	2	128	141
Operations and Services	973	21	994	1,022
Scholarship and Collections	311	–	311	383
Strategic Marketing and Communications	105	3	108	109
	1,810	27	1,837	1,953

B) OTHER DIRECT COSTS

	2010/11 £000	2009/10 Re-stated £000
Acquisitions for the collections	16,508	17,755
Conservation and binding services	1,335	1,819
Administration, equipment, supplies and services	36,314	36,181
Non-recoverable VAT (net)	486	412
Loss on disposal of fixed assets	901	47
	55,544	56,214

The above table is exclusive of staff costs.

8. Resources expended

THIS IS STATED AFTER CHARGING

	2010/11 £000	2009/10 £000
External auditors' remuneration	57	53
Rent on land and buildings	1,096	1,350
Lease/rental payments on equipment	218	254
Depreciation on other fixed assets	15,667	18,862
Bad debt provision movement	(58)	13
Stock Provision movement	(58)	(87)

The auditors' remuneration is for the audit of the Annual Report and Accounts: there was no non-audit work performed during 2010/11.

9. 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
Cost or valuation							
At 1 April 2010	394,248	190,570	10,521	87	11,299	4,584	611,309
Additions	321	2,679	204	–	3,249	2,971	9,424
Revaluation	14,004	1,674	–	–	–	–	15,678
Transfer	–	(1,116)	–	–	–	1,116	–
Disposals	–	(172)	(37)	(46)	(1,735)	–	(1,990)
At 31 March 2011	408,573	193,635	10,688	41	12,813	8,671	634,421
Depreciation							
At 1 April 2010	20,548	69,302	10,073	64	4,551	–	104,538
Charge for year	4,782	9,327	108	9	1,441	–	15,667
Adjustments	–	–	–	–	–	–	–
Revaluation	(3,559)	8,166	–	–	–	–	4,607
Disposals	–	(127)	(37)	(45)	(880)	–	(1,089)
At 31 March 2011	21,771	86,668	10,144	28	5,112	–	123,723
At 31 March 2011	386,802	106,967	544	13	7,701	8,671	510,698
At 31 March 2010	373,700	121,268	448	23	6,748	4,584	506,771

Assets in the Course of Construction ('AICC') represent work on the design, build and planning of the 'Newspaper Strategy Programme' at Boston Spa and the development of an Integrated Request Management and Delivery System ('IRMDS'). During 2010/11 there has been a transfer to AICC for expenditure on the IRMDS project as some expenditure was misclassified as Plant and machinery

The Modified Historic Cost Accounting indices for the land and building adjustments are provided by the Department for Culture, Media and Sport and for the Building Structural Fit Out adjustment the indices are taken from the *Price Index Numbers for Current Cost Accounting (MM17) April 2010* available from the Office for the National Statistics for Plant and Machinery.

B) VALUATIONS

The land and buildings as at 31 March 2010 include two properties at Boston Spa and one at Colindale valued at £60,678,000 on 31 March 2009 and one building, St Pancras, valued at £453,380,000 (including £119.5 million of mechanical equipment that has been classified as Plant and Machinery) on 31 March 2010. In addition to the main St Pancras building, the St Pancras Centre for Conservation was valued at £15,335,000 on 31 March 2010, for which title has been vested in the British Library Board

Site		Land £000	Buildings £000	Totals £000
St Pancras – Main building	Freehold	80,020	373,360	453,380
St Pancras – Centre for Conservation	Freehold	3,980	11,356	15,336
Boston Spa	Freehold	7,660	20,570	28,230
Boston Spa – Additional Storage Building	Freehold	370	25,878	26,248
Colindale Avenue	Freehold	2,100	4,100	6,200
		94,130	435,264	529,394

The St Pancras site including the British Library Centre for Conservation was valued as at 31 March 2010 by Drivers Jonas, Chartered Surveyors, using the 'Depreciated Replacement Cost' basis of valuation.

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

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

10. Heritage assets

The British Library

The British Library is the national library of the United Kingdom and one of the world's greatest research libraries. The Library is one of the six legal deposit libraries of the United Kingdom and receives copies of all publications produced in the United Kingdom and the Republic of Ireland. The Library's collection is one of the largest in the world, holding over 150 million items in all known languages and formats, including books, journals, newspapers, magazines, sound and music recordings, patents, databases, maps, manuscripts, stamps, prints, drawings and much more. It is unique in its breadth, depth and scope. Many items are priceless and irreplaceable.

Heritage Assets in the British Library

In accordance with the Financial Reporting Manual (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 held by the Library for preservation and conservation purposes and do not attract any depreciation as they are deemed to have an infinite life. Due to the size and unique nature of the collection it is not possible to value Heritage Assets acquired prior to 1 April 2001. The cost of doing so would be prohibitive.

All items within the Library collection contribute to the development of knowledge and culture. The collection is carefully developed and managed through a series of policies governing all aspects of acquisitions, preservation and access. A summary of the main policies can be found at www.bl.uk/aboutus/stratpolprog/coldevpol

As the Library exists to preserve and make available the national printed archive of the UK together with purchased and donated material, it does not normally dispose of material in its collections and never disposes of items from the collection accepted under legal deposit. Disposal is governed by the British Library Act and by the policy of the British Library Board.

Preservation and management of the Library's assets

The Preservation Department's role is to safeguard the collections from harm while enabling continued and appropriate access to them.

The department comprises a small team of trained professionals and support staff who manage and supervise preservation work streams and initiatives across all British Library sites. All activities are underpinned by the Library's core preservation principle of risk management and mitigation. The general public can learn more about this by visiting the Preservation web pages.

The Library's Annual Conservation Programme contains a variety of work performed by seven teams of conservators. The teams are multi-skilled but contain specific specialisms to enable them to complete the programme. The Preservation and Conservation Management System records details of all collections undergoing conservation treatment.

Training and information is reassessed and updated regularly, and policies and procedures are reviewed to acknowledge current professional practices and thinking and to ensure Library strategy is supported.

All policies and procedures are designed to minimise risk to the collections whilst enabling maximum use and interpretation. Relevant professional standards are applied and maintained where applicable, including accreditation, and relevant procedures are applied equally to both internal users and external suppliers.

Internet and intranet pages relating to preservation policies for the care of the Library's collections are under construction but it is expected policies will be available directly to the public in the near future.

Acquisitions

Within the Library's acquisition policies there is a distinction made between unique heritage items and contemporary research level academic publications. In our Heritage Acquisitions Policy, heritage items are defined as items acquired to be used as preponderantly as primary sources for research, forming part of the Library collection of unique materials. This includes historic printed materials which can no longer be acquired from the creator or the publisher and which are marketed as unique opportunities to acquire individual items. Heritage items are therefore distinguished from contemporary research level academic publications which are mainly acquired to be used as support for research and from modern compilations of source materials which are acquired while the material is still 'in print'.

Under this definition, all heritage items are major acquisitions, whether purchased or donated. All such major acquisitions require significant due diligence and many have significant cultural property issues. We have clear policies to govern such acquisitions, including an ethical acquisitions policy. These can be found at www.bl.uk/aboutus/stratpolprog/coldevpol/ethical.pdf

Due diligence procedures are mandatory for all major and minor acquisitions. For major acquisitions a report and scoring matrix is submitted to the Library's Heritage Acquisitions Group. Hard-copy and electronic documentation relating to all acquisitions (correspondence, memos, invoices, etc) are held locally within departments and archived and made accessible in accordance with the Library's Records Management policies.

Catalogues

The Library has a duty to catalogue items in the collection and for this there is a planned programme of work. All catalogues are listed on the website and can be accessed by the public.

With the 'Search our Catalogue Archives and Manuscripts' link, the public will be able to search and view the details of the Library's archive and manuscript collections together in one catalogue for the first time. Currently the Library is migrating existing archive and manuscript catalogues to this system which is expected to be completed later in 2011. To search the Library's other collections of books, journals, newspapers, conference proceedings, maps, scores, electronic resources and sound archive items, users can follow the website's normal 'search' facility.

British Library Collection Areas

Arts and Humanities

In the field of Arts and Humanities the Library holds the world's largest collections of western and oriental manuscripts (including substantial archives), and unrivalled collections of British printed books from 1476 to the present date, European printed books from 1455 to the present date and of Asian and African printed books dating back to the origin of printing in these areas. In addition the Library holds substantial collections of sound recordings of oral history and of recorded sound relating to English language and literature. The chief historic components of these collections are the Library of the British Museum, collected since its foundation in 1753, and a core part of the British Library since its foundation in 1973. Of special importance for Arts and Humanities are the collections which came with the India Office Library and Records acquired in 1982, ranging from the foundation of the East India Company in 1600 to Indian independence and with the British Institute of Recorded Sound (acquired 1983). Holdings include material over 3,000 years old (Chinese oracle bones), 310,000 manuscript volumes ranging from Leonardo da Vinci's Notebook to Harold Pinter's archives, Magna Carta, Lindisfarne Gospels, the first edition of *The Canterbury Tales*, Tyndale's translation of the New Testament, the most recently published British books, and the recording of Nelson Mandela's Rivonia trial speech to name only a few.

Science, Technology and Medicine

The Library houses one of the foremost collections of scientific, technical and medical literature in the western world. Our contemporary collection of modern scientific literature includes all subject areas and disciplines and includes materials in many formats, including journals, research level monographs, conference proceedings, reports and electronic reference materials. We estimate that there are approximately 3.45 million volumes of print serials and monographs in the collection.

Social Sciences

The Library's collections in the field of Social Sciences reflect the full history of official publishing in the UK and its constituent parts. The Library has 12,000 volumes of House of Commons sessional papers from the 19th and 20th centuries, containing more than 185,000 parliamentary papers. There are 2,400 volumes of UK parliamentary debates, all available on open shelves in the Social Sciences Reading Room. Government publications from across the world include records of legislatures, censuses and other official statistics. The Library has all print communications from the United Nations, European Union and Organisation for Economic Co-operation and Development as well as other intergovernmental bodies such as the World Bank. Collecting from around the world covers economic, political, social and cultural development and includes many rare items. The Library's collection of trade literature and market research are amongst the most comprehensive in the world, including over 62 million patent specifications from across the world. The Library continues to collect across the range of Social Science subjects from countries in all continents. The Social Sciences Reading Room has more than 10,000 books published in the UK in the last four years across a range of subjects, and recent issues of 700 journal titles.

Specialist format collections

The Library holds many specialist format collections including:

- Newspapers, including some 52,000 individual titles in print, microfilm and digital
- Prints, drawings and photographs (over 250,000 items)
- Cartographic items (over 4.5 million items)
- Music collections, printed and manuscript music and music recordings
- The national collection of sound recordings (over 3.5 million items)
- The national philatelic collections of the UK (over 8 million items including postal and revenue stamps)
- Multimedia and moving image materials (over 40,000 broadcast and non-broadcast items, including dramatic performances and television news).

An increasing proportion of collection items are being collected solely in digital formats. The extent of our collection acquisition and management policies are being revised to integrate new approaches to stewardship of digital materials with that of traditional Library collections.

Valuation of heritage assets

Heritage assets are valued as part of the acquisition process as they are added to the collections. We do not have a systematic retrospective programme of valuing heritage items which have been in our collections for many years, although such valuations are carried out for individual items in specific circumstances such as items on loan to us. The cost of such a programme of valuation would be prohibitive, both in terms of direct cost and time to complete. For items where copies exist in other institutions or collections, it can take many days to identify if there are relevant market valuations from records of auction prices or sales catalogues. For rare or unique materials no such market valuation exists, so individual expert valuation is required. Commercial rates for such expert valuation can be of the order of £750 per day. Rare heritage items can take many days (if not weeks, in the case of manuscript collections) of expert work to arrive at a valuation, so a systematic retrospective programme of such work would be prohibitively expensive.

HERITAGE ASSETS PURCHASED

	Cost £000	2010/11 Number of Items	Cost £000	2009/10 Number of Items	Cost £000	2008/09 Number of Items	Cost £000	2007/08 Number of Items	Cost £000	2006/07 Number of Items
At 1 April	16,974	204	15,291	189	12,841	161	10,478	129	6,704	102
Additions	10,046	19	1,683	15	2,450	28	2,363	32	3,774	27
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 March	27,020	223	16,974	204	15,291	189	12,841	161	10,478	129

HERITAGE ASSETS DONATED

	Valuation £000	2010/11 Number of Items	Valuation £000	2009/10 Number of Items	Valuation £000	2008/09 Number of Items	Valuation £000	2007/08 Number of Items	Valuation £000	2006/07 Number of Items
At 1 April	24,102	21	23,679	19	23,060	15	21,657	11	381	5
Additions	647	5	423	2	619	4	1,403	5	21,276	6
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 March	24,749	26	24,102	21	23,679	19	23,060	16	21,657	11

11. Investments

	2010/11 £000	2009/10 £000
Market Value at 1 April	10,339	7,613
Acquisitions funded by dividends reinvested	320	325
Unrealised Gain / (Loss)	537	2,401
Market Value at 31 March	11,196	10,339
Analysed by		
Listed Securities	11,123	10,266
Cash Trusts	73	73
	11,196	10,339
Geographical Analysis		
United Kingdom Investments	10,728	9,900
Overseas Investments	468	439
	11,196	10,339

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.

12. Financial Instruments

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

Credit risk

The Library is exposed to credit risk of £2m of trade debtors. However this risk is not considered significant as major customers are familiar to the Library. The Library has recovered 99% of trade debtors over the last two years. Bad and doubtful debts are provided for on an individual basis. Write-offs in the year for bad debts amounted to £3,081 (£4,680 in 2009/10).

Liquidity risk

As around 77% of the cash requirements of the Library are met through Grant in Aid from the Department for Culture, Media and Sport, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The remaining income is self-generated and is volatile. Remote document supply is the major source of self-generated income and performance has been strong in recent years. The Library has sufficient unrestricted funds to cover its current liabilities.

Market risk

The Library holds some restricted fund balances in unit trust investments, as shown in note 11, and so is subject to some market risk. An unrealised gain of £0.5m has been recorded this year compared to a £2.4m gain in 2009/10. Additional information on the Library's Investment Policy is given in the Trustees Annual Report.

Foreign currency risk

The Library has an international customer and supplier base and so is subject to a degree of foreign currency risk. In 2010/11, net foreign currency exchange losses of £0.07m were recognised (£0.08m loss in 2009/10). As part of the Library's Treasury Management Strategy, the risk of fluctuations is managed through a variety of policies including holding bank accounts in foreign currencies to enable us to match our foreign currency transactions as a means of mitigating our currency risk.

Interest rate risk

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

Investment income profile

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

	Floating rate £000	2010/11 Cash trusts £000	Listed securities £000	Total £000	2009/10 Total £000
Sterling	37,042	73	11,123	48,238	44,563
Dollar	1,073	–	–	1,073	1,106
Euro	720	–	–	720	2,562
Yen	658	–	–	658	273
Total	39,493	73	11,123	50,689	48,504

13. Stocks

	2010/11 £000	2009/10 £000
Stocks for resale	623	560
Raw Materials	220	242
Total Stocks	843	802

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

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

14. Debtors and prepayments

	2010/11 £000	2009/10 £000
Amounts falling due within one year		
Trade debtors	1,861	2,781
Other debtors	2,600	2,336
Prepayments and accrued income	10,218	9,027
	14,679	14,144

For the purpose of the Whole of Government Accounts (WGA), there is a debtor with HM Revenue and Customs of £2.2m relating to the repayment of VAT and a debtor of £0.25m with the Higher Education Funding Council (HEFCE) for a grant payment. Other balance debtors for intra-government categories are; central government bodies £60,000 and public corporations £14,000. All other debtor balances are external to the Government.

15. Cash at bank and in hand

	2010/11 £000	2009/10 £000
Restricted funds	2,902	7,479
Monies held on deposit for customers	3,751	3,925
Cash balances	15	12
General funds	32,825	26,749
	39,493	38,165

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

16. Creditors

	2010/11 £000	2009/10 £000
Amounts falling due within one year		
Trade creditors	12,090	4,130
Monies held on deposit for customers	3,751	3,925
Other creditors	2,748	3,856
Accruals	8,320	8,318
Deferred income	270	440
	27,179	20,669

For the purpose of the Whole of Government Accounts (WGA), there is a creditor with HM Revenue and Customs of £1.32m; this includes £0.61m NI contributions and £0.71m PAYE deductions retained by the Library as part of the PAYE process and a creditor with the Cabinet Office of £0.83m for pension contributions. Other creditor balance for intra-government categories are; local authorities £20,000, NHS Bodies £39,000 and public corporations £36,000. All other creditor balances are external to the Government.

17. Statement of funds

	As at 1 April 2010 restated £000	Transfers to/(from) £000	Expenditure £000	Incoming resources £000	Realised and unrealised gains and (losses) £000	As at 31 March 2011 £000
Unrestricted funds:						
General funds	17,765	185	(130,814)	132,042	–	19,178
Designated funds (Fixed Assets)	523,745	–	–	3,439	–	527,184
Designated funds						
Shaw Fund	4,491	(500)	–	101	–	4,092
Membership / General Donations	739	(250)	–	137	–	626
Collection Care Restoration Fund	539	–	(64)	1	–	476
Others	25	–	–	–	–	25
Transfer to unrestricted Fixed Asset reserves	–	–	14	–	–	14
Donated Asset Reserve	24,102	–	–	647	–	24,749
Total unrestricted funds	571,406	(565)	(130,864)	136,367	–	576,344
Restricted funds						
David and Mary Eccles Centre for American Studies	8,465	–	(197)	332	429	9,029
Dingwall No.2	1,026	–	(1)	30	57	1,112
Ginsburg Legacy	–	–	(12)	770	–	758
British Library Digitisation Campaign	1,279	(854)	–	108	–	533
Collection and Preservation Fund	66	1	–	307	–	374
The MEDD Fund	262	–	–	98	–	360
Sir Henry Thomas	326	–	–	9	16	351
The Sir John Ritblat Gallery: Treasures of the British Library	354	–	(25)	1	–	330
UKRR – Deduplication	199	327	(1,448)	1,208	–	286
Chinese Central Asia Database	141	45	(376)	436	–	246
Consolidated Endowment	249	–	(82)	49	2	218
Business & IP Centre	183	–	–	–	–	183
EC Fund: The European Library	183	–	–	–	–	183
Scientific MSS Digitisation Project	–	184	(3)	–	–	181
T S Blakeney	165	–	–	4	8	177
Anthony Panizzi Foundation	141	–	(2)	4	8	151
Special Exhibitions	147	–	(75)	61	–	133
Cataloguing Projects Fund	45	–	(71)	153	–	127
Spratt-Bigot Bequest	130	–	(8)	–	–	122
Endangered Archives	183	–	(565)	496	–	114
Others	3,862	(18)	(2,515)	1,262	17	2,608
Total restricted funds	17,406	(315)	(5,380)	5,328	537	17,576
Other (deficit funds)	385	880	(12,497)	7,318	–	(3,914)
Transfer to unrestricted Fixed Asset reserves	–	–	10,520	–	–	10,520
Total funds	589,197	–	(138,221)	149,013	537	600,526

The fair value reserve included within the funds stated above are:

	As at 1 April 2010 £000	Unrealised gains/ losses under Fair Value £000	As at 31 March 2011 £000	Reserve / Fund net of Fair Value as at 31 March 2011 £000	Reserve / Fund (inc. Fair Value) as at 31 March 2011 £000
Eccles FVR	(334)	429	95	8,933	9,028
Dingwall No. 2 FVR	(8)	57	49	1,063	1,112
Consolidated Endowment FVR	–	2	2	217	219
Sir Henry Thomas FVR	(2)	16	14	337	351
T S Blakeney FVR	(1)	8	7	169	176
Anthony Panizzi Foundation FVR	1	8	9	141	150
Others FVR	(3)	17	14	2,594	2,608
Restricted Fair Value Reserve	(348)	537	190	13,454	13,644

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

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. Designated funds are monies which have been identified by the British Library Board for a specific purpose. All the funds with balances of over £100,000 at 31 March 2011 are listed above, with a brief description as to the aims of the fund shown below. 'Other' restricted funds comprise individual amounts less than £100,000.

The restricted funds in deficit at the year end represent 18 funds for which, due to the administration restrictions of these funds, costs are expended first and subsequently reclaimed from the external funding organisations. Future income streams should more than cover the shortfall and future costs involved in the projects.

Included within the Restricted Fund and Designated Fund expenditure are costs in relation to the purchase of fixed assets totalling £10.53m. These assets have been transferred from the restricted funds reserve to the unrestricted fixed asset reserve.

The transfers of £565,000 relate to internal charges or income applied to the restricted funds for the use of Library facilities and services.

Designated Funds

Shaw Fund

Established by a Charity Commission order dated 13 September 2000, with the income being available for the general purposes 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'.

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.

Collection Care Restoration Fund

This fund represents money recovered by the Library following action taken in respect of damage or theft to the Collection. These monies have been reserved in order to repair the damage caused to the Collection items.

Restricted Funds

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.

Dingwall No. 2

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

Ginsburg Legacy

An endowment from the estate of Henry Ginsburg to fund a full-time permanent post of Dr Henry D Ginsburg Curator for Thai, Lao and Cambodian.

British Library Digitisation Campaign

To raise funds from external sources to support the Library's Digitisation Programme.

Collection and Preservation Fund

Donations and grants to assist preservation.

The MEDD Fund

For the conservation of manuscripts in the Board's collections written by British composers working since 1950.

Sir Henry Thomas

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

The Sir John Ritblat Gallery: Treasures of the British Library

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

UKRR – Deduplication

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

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.

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.

Business & IP Centre (BIPC)

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

EC Fund: The European Library

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.

Harley Science Project

The Harley Science Project provides for the conservation, digitisation, cataloguing and uploading to the British Library's Digitised Manuscripts website of 150 scientific manuscripts in the Harley collection. These manuscripts range in date from the 9th to 17th centuries, covering mathematics, astronomy, medicine and related disciplines, and include some of the Library's greatest medieval treasures.

T S Blakeney

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

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.

Special Exhibitions

Funding for future exhibitions.

Cataloguing Projects Fund

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

Spratt-Bigot Bequest

For the purchase of works in French by French authors.

Endangered Archives

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

18. Provision for liabilities and charges

A provision has been made in full for employees leaving the organisation under early retirement or early severance terms. The provision represents the estimated future costs to the Library, for both staff that have left and staff that are known to be leaving in 2010/11.

	Early retirement/ severance provision £000	Other liability and charges £000	2010/11 Total £000	2009/10 Total £000
At 1 April	1,281	150	1,431	2,184
Additional Provision	110	–	110	132
Utilisation of Provision	(568)	–	(568)	(885)
At 31 March	823	150	973	1,431
Less: Provisions falling due within one year	(368)	–	(368)	(511)
Amounts falling due after one year	455	150	605	920

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit Costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

19. Commitments under operating leases

	Land and Buildings	
	2010/11 £000	2009/10 £000
Amounts payable within one year relating to operating leases which expire:		
Within one year	–	1,218
Two to five years	–	–
More than five years	8	8
	8	1,226

20. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total £000
Fund balances at 31 March 2011 are represented by:			
Tangible fixed assets	510,698	–	510,698
Heritage assets	51,769	–	51,769
Investments	–	11,196	11,196
Current assets	52,113	2,902	55,015
Current liabilities	(27,111)	(436)	(27,547)
Non-current liabilities	(605)	–	(605)
Total net assets	586,864	13,662	600,526

21. Capital commitments

	2010/11 £000	2009/10 £000
Contracted and not provided for	8,477	11,780
Authorised, but not contracted for	16,954	19,383

The capital commitment figures include the planning and building of the Newspaper Storage Building at Boston Spa. £10m of the commitments will be spent within one year, the remainder in less than four years.

22. Related party transactions

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

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

The Library has also had a number of transactions in the normal course of business and at full arm's length with eleven DCMS-sponsored bodies in relation to the loaning of objects for exhibitions.

During the year a number of Board members have contributed to the Library's Adopt a Book Appeal and Dame Lynne Brindley is a Trustee of the Gilson Trust.

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

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

Related Party Transaction	Income 2010/11 £000	Expenditure
Related Party		
The American Trust for the British Library	72	–
Nature of Transaction		
Grants towards the American Civil War online project and the <i>Evolving English</i> exhibition		
Relationship		
Dame Lynne Brindley, a Trustee of the related party, served as the Chief Executive and Accounting Officer to the British Library		

23. Post Balance Sheet events

There were no Post Balance Sheet events requiring disclosure in or adjustment to the Accounts.

The Accounts were authorised for issue by the Accounting Officer and Board of Trustees on the date the C&AG certified the Accounts.

24. Contingent liabilities

British Library Newspaper Digitisation project

The British Library has undertaken the digitisation of millions of pages from the archive, using a commercial partner to take on the costs of digitisation in return for being able to exploit the digitisations commercially.

The supplier has warranted in the contract with the Library that use of the digitisations will not infringe copyright, or give rise to any possible action for defamation and has undertaken to cover any liability falling on the Library as a result of any such claims (in addition to the cost of defending the action) up to £5m.

DCMS has agreed to underwrite any liability which arises beyond that, for the duration that such claims might arise. It is considered that a claim in excess of £5m would be extremely unlikely but in the event that the liability is called, provision for any payment will be sought through the normal Supply procedure.

25. Trust funds (unaudited)

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

	2010/11 £000	2009/10 £000
Income	8	9
Expenditure	(13)	(12)
Unrealised gains / (losses) on investments	9	27
Surplus / (deficit) for the year	4	24
Investments	299	291
Short-term Deposits	5	5
Net Debtors / (Creditors)	–	–
Cash at Bank	82	73
Net Assets	386	369

The British Library

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Front cover, clockwise from left:

Peter Barber; British Library Treasures app;

Interior of the Harry M Weinrebe Learning Centre;

Dr Aleks Krotoski, courtesy of United Agents;

Greek manuscript, Theodore Psalter, 1066.

