

BRITISH LIBRARY Annual Report and Accounts 2005/06



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BRITISH LIBRARY
Annual Report and Accounts 2005/06

CONNECTING

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BRITISH LIBRARY
Annual Report and Accounts 2005/06

CONNECTING...

THE BRITISH LIBRARY

Thirty-third Annual Report and Accounts 2005/06. Annual Report presented in compliance with section 4(3) of the British Library Act 1972 by the Secretary of State for the Department for Culture, Media and Sport. Accounts prepared pursuant to Section 5(3) of the Act and presented by the Comptroller and Auditor General.

Ordered by the House of Commons to be printed 20 July 2006
Laid before the Scottish Parliament by the Scottish Ministers 20 July 2006
HC1343 London: The Stationery Office £16.25
SE/2006/104

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...services to the public **web users to knowledge**
ideas to business plans **communities to their past**
research to development **students to scholarship**
talent to inspiration **authors to plots** nature-lovers
to the call of the wild **scientists to results** listeners
to dialects **undergraduates to early newspapers**
children to heritage **innovators to opportunities**
producers to potential markets **new generations**
to ancient texts inventors to entrepreneurs **artists**
to subjects the Library to the world

Chairman's statement

I became Chairman of the British Library Board in 2001 and this is the final year of my appointment. It has been a privilege to have been associated with such a significant institution during such a remarkable period. We have witnessed unprecedented turbulence and competition in the information sector. The challenges for libraries in the digital age are particularly critical for the British Library because of the scale and scope of our collections and operations.



Lord Eatwell, Chairman



Her Majesty The Queen visiting the British Library to open the *Front Page* exhibition

Google and other search engines have revolutionised the way people expect to access information. The traditional models of scholarly communication and publishing are being transformed. The accelerating pace of change was the context for the development of *Redefining the Library: The British Library's strategy 2005–2008*. We have established six strategic priorities that are critical to our mission and which the Board believes the Library must achieve if we are to continue to support UK research needs effectively. We report on our progress against these priorities in this Report and shall continue to do so in subsequent years.

During the year I was honoured to be invited by the Minister for Creative Industries and Tourism to chair a Working Group on Competitiveness and Intellectual Property under the Creative Economy Programme. This Programme is a ministerial initiative designed to join together cultural institutions, policy makers and funding organisations to support the growth and productivity of the creative industries.

My engagement in this Ministerial programme coincided with the grand opening of the Library's Business & IP Centre at St Pancras

on 8 March 2006. The British Library is fast becoming the first choice provider of content, navigation and research services for the creative industries. The new Centre is designed to support small and medium-sized enterprises (SMEs) and entrepreneurs, from that first spark of inspiration to successfully launching and developing their business. At the launch event Sir Digby Jones of the CBI described the Centre as, 'a jewel in the crown of enterprise in this country'.

The British Library has a unique perspective to bring to the public debate on Copyright and Intellectual Property that was initiated during the year. This perspective derives from its position at the fulcrum of the balance of interests of rights holders and rights users. We submitted evidence to the House of Commons Culture, Media and Sport inquiry into New Media and the Creative Industries, to the All Party Parliamentary Internet Group inquiry into Digital Rights Management (DRM), and to the Gowers Review of Intellectual Property. The Library is continuing to play a high level advocacy role in this debate which is of critical significance for research, scholarship and innovation and for the creative economy of the UK. The Library recognises that there is a need to modernise copyright legislation for the digital age.

In that context we attach enormous importance to ensuring that the principles of fair dealing and library privilege – which have long existed in the analogue environment and which in our view strike an appropriate balance in the public interest between the rights holder and the user for print – is now re-interpreted and sustained for the digital age.

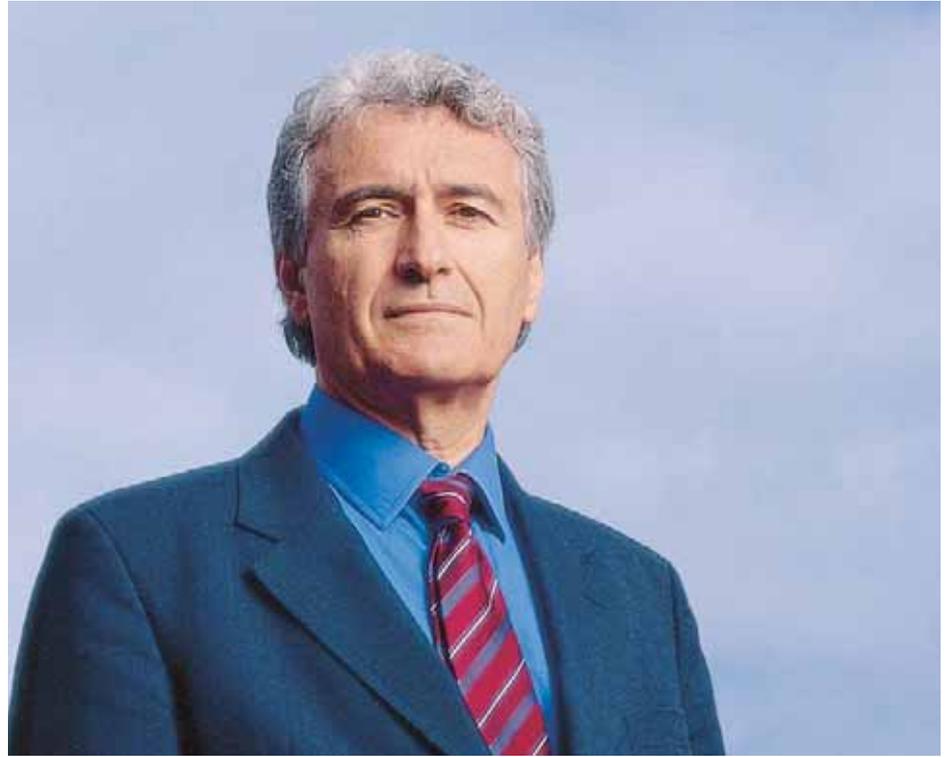
In the past year I have been delighted to see further recognition within Government of the contribution the Library makes to the nation. Following agreement by the Secretaries of State for Culture, Media and Sport, Education and Skills, and Trade and Industry, and in order to build and sustain effective cross-Departmental support which recognises the complexities of the British Library's business, a permanent interdepartmental group of senior officials has been established. This will help maximise the Library's impact and contribution to Government priorities and objectives. In addition a joint DCMS, DTI/OSI and DfES Funding Agreement with the British Library has been developed.

We would like to remember Mary, Viscountess Eccles, whose Estate has over the course of the year passed on her generous legacy to the Eccles Centre for American Studies at the



David Lammy MP, Minister of Culture,
on his first ministerial visit

“The British Library plays an important role in the national economy through its support for UK research excellence and innovation, in addition to the major contribution it makes to the social and cultural enrichment of Britain’s citizens.”



British Library, thus securing its long-term future. I am also delighted that the Folio Society, a partner in publishing for many years, has increased its involvement with the Library through sponsorship of the Folio Society Gallery, which will provide us with improved exhibition space in the Entrance Hall at St Pancras. In addition, we would like to thank the National Heritage Memorial Fund, the Art Fund and other donors for enabling our acquisition of the exquisite William Byrd manuscript, *My Ladye Nevells Booke*. We remain most grateful to the many generous supporters of the Centre for Conservation, the *Codex Sinaiticus* Project, and many other initiatives about which you will read more in this Report.

Finally, as I come to the end of my term of appointment, it is appropriate that I pay tribute to the creativity, dedication and hard work of the Library’s staff. I leave with a keen appreciation of a great, world-class institution and with confidence that the British Library is well equipped to play a leading role in the 21st century, helping people to advance knowledge to enrich lives.

01-
06

An interview with the Chief Executive

Lynne Brindley

Lynne Brindley, Chief Executive



Q
& A

Q. How is the British Library changing to connect with users?

A. Improving the user experience, in the Reading Rooms, at exhibitions and online, is a strategic priority. This year we have met record levels of demand while exceeding user satisfaction targets. Our events programme continues to build a distinctive profile, with outstanding feedback from visitors, and our web presence is growing exponentially, recording almost 50 million hits from over four million user-hosts.



Q. The digital revolution has caused upheavals across the information sector – how can the British Library remain relevant?

A. That's the question at the heart of *Redefining the Library* – our new three year strategy. Our strategic priorities have focused us on developing our services and modernising how we work to build new connections with users and partners. The Annual Report gives a rich picture of all our activities.

Q. Does the strategy change the services you provide?

A. It does – take the opening of the Business & IP Centre last spring. With funding from the London Development Agency we physically remodelled a traditional Reading Room to provide networking areas, workshops and specialist IP support. Our rich database and patent collections have not changed but the way we deliver them has. We're now attracting a diverse range of individuals and SMEs, by providing support at each stage of the innovation life cycle.

Q. Partnership and connection seem a focus – are they key to the strategy?

A. Absolutely – partnerships have been a recurring theme across the year. With higher education and JISC we are digitising millions of newspaper pages and thousands of hours of sound. With Microsoft we will be digitising 100,000 of our out-of-copyright, 19th century books. And our recently launched content strategy consultation asks what we need to collect and who we need to connect with, to ensure future access to the widest possible array of source material, wherever it is in the world.

Q. How will the content strategy change the Library?

A. We anticipate that the consultation will result in calls to maintain our areas of historic strength, including our heritage acquisitions, and also to collect more from China, India and other emerging economies with burgeoning research programmes.

Q. What effect will this have on the British Library's international position?

A. It will enhance it. Our primary duty is to the British taxpayer and our collections must reflect the changing areas of research expertise across the world. Our cultural diplomacy role is also important and we have developed significant new agreements this year: with South Africa to assist in capacity building across Africa; with Iraq, to support the intellectual reconstruction of the national library; and with China to digitally re-unite collections and build digital capacity.

Personally, it has been a busy year too, with keynote speeches on redefining the library in Japan, the US and Canada, Australia and New Zealand. I am also advising the EU Commissioners on their emerging digital library programme for 2010.

Q. And what about progress on the British Library's own digital library?

A. We are painstakingly building our digital infrastructure so that we can handle digitised and 'born digital' materials on a huge scale for future access and long-term preservation. We are working with publishers on practical pilots for handling a variety of formats and helping to develop the implementing regulations for the Legal Deposit Libraries Act 2003 through membership of the Legal Deposit Advisory Panel.

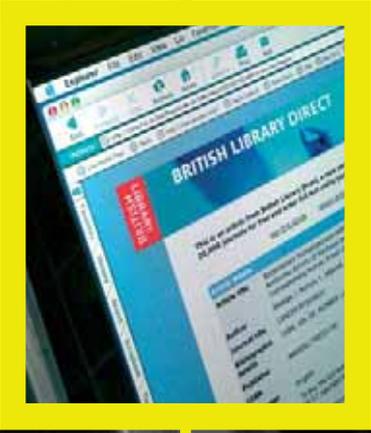
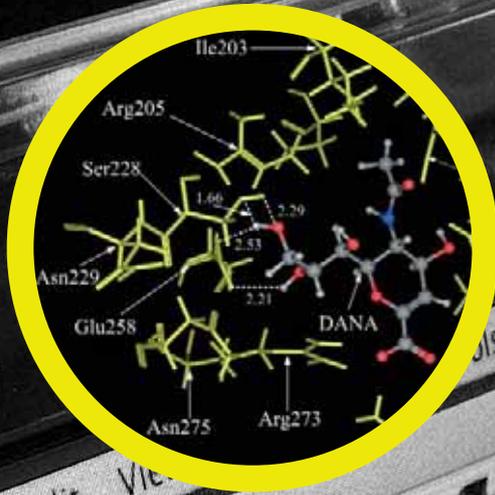
Q. Is this digital R&D the focus of the Library's research activity now?

A. It is an important research area for Library staff but not the only one. A major achievement this year was being awarded Academic Analogue Status by the Arts and Humanities Research Council, for the first time recognising us as a research institution in our own right. It's testament to the expertise of our scholarly and curatorial staff and means we are now eligible for independent research funding.

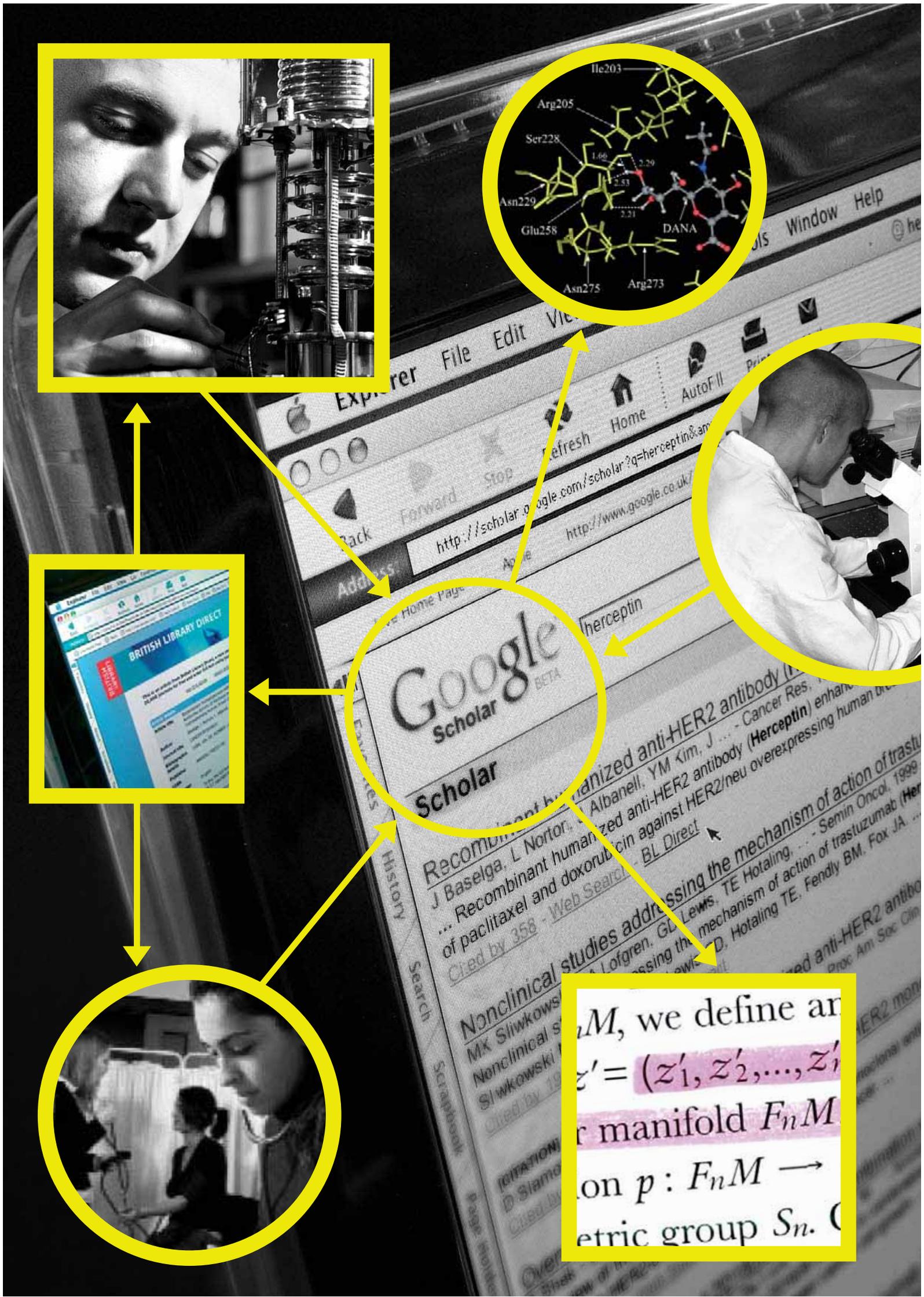
Q. So even in a digital environment you see staff expertise remaining at the heart of what the Library does?

A. Certainly. Looking back over my five years' leadership of the Library the pace of change in the information environment has been incredible and we cannot afford to stand still. The British Library staff are the backbone of one of the UK's greatest institutions. It's thanks to their hard work and innovation that we are meeting or exceeding all our funding agreement targets and going forward so successfully.

This is an edited transcript of a video interview with Lynne Brindley. The complete interview can be seen on www.bl.uk



M , we define an
 $z' = (z'_1, z'_2, \dots, z'_n)$
r manifold $F_n M$
on $p : F_n M \rightarrow$
etric group S_n .



The web opens up our collection to a huge international audience. The growth in usage of our web resources averages 25 per cent a year. We digitise masterpieces and add interactive interpretation, connecting people to the treasures of diverse cultures. We open up access to cutting-

edge international scientific research, connecting the lab results of higher education to the corporate R&D units of top brands.

The digital world also gives us the new responsibility of collecting information published in the UK in new formats, in hard formats like DVDs as

well as on the internet. The digital publications we collect come in a multitude of file formats, and may be usable only with specific hardware and software. Coming generations of researchers will want to connect to this material – so the digital library that we're building has to be flexible, sophisticated, and future-proof.



Connecting millions of researchers worldwide deep into our web resources with Google Scholar

Search results on Google Scholar now include links to our document delivery service, British Library Direct, so researchers can order international research articles automatically. Payment and delivery take place online, and we pay a copyright fee direct to the publishers.

Connecting to digital users

Our collaborations with Microsoft and Google Scholar underline the Library's position as a top content provider to learners and researchers across the world. These ventures also reinforce the importance of our work on the digital library, which will guarantee access to digital resources for future generations.

Digital Archiving

One element of the digital library will be the archive of UK websites. We continued our selective harvest of UK sites with their rights holders' permission, choosing 500 that had particular cultural and historic resonance and complemented our collection strengths. For example, a special effort was made to record sites set up in the wake of the London bombings on 7 July 2005. The sites are stored along with others selected by the UK Web Archiving Consortium (UKWAC) at www.webarchive.org.uk. The Digital Preservation Coalition shortlisted the web archiving project for their annual awards in November 2005.

Building the digital library means re-thinking and re-designing most of our processes to handle digital materials in parallel with traditional publications. We're working closely with colleagues from the other Legal Deposit Libraries, publishers, and academic and other partners. We're concentrating our technical

development on automatic intake (ingest) of e-journals and the e-material we receive under the publishers' voluntary deposit scheme.

Secure storage systems for digital materials have been set up on two Library sites, with the underpinning software being continuously improved. Discussions have been held with other libraries, in particular with the National Library of Wales, over the location of further storage systems.

In September 2005, DCMS set up the Legal Deposit Advisory Panel to help devise the regulations that will bring the Legal Deposit Libraries Act 2003 into force. Our Director of Scholarship and Collections was invited to join. In parallel, a pilot project in anticipation of legal deposit of e-journals was set up with 23 UK publishers, under the Joint Committee for Legal Deposit. The pilot runs until June 2006 and will provide practical evidence that may influence the Advisory Panel's recommendations.

We are contributing our expertise on digital preservation technologies to the Office of Science and Technology's e-infrastructure steering group. The group is mapping the digital infrastructural requirements of the UK academic and corporate research enterprise, which is migrating to a wholly digital environment at an accelerating pace.

We have also led a successful bid for a major European digital preservation project, PLANETS (Permanent Long-term Access through Networked Services). We are leading a 15-member international consortium that combines content holders, research institutions and technology vendors in the four-year, €8.6 million project.



"My team brings expertise from different directorates to focus on the digital library preservation strategy and programme. A significant step for the team this year has been the successful completion of the JISC-funded LIFE project in partnership with University College London Library, which defined the life cycle stages and long-term costs of different digital collections."

Rory McLeod
Digital Preservation Manager

Digitising 100,000 of the Library's out-of- copyright books

Microsoft Partnership

In March this year Bill Gates visited the Library and met CEO Lynne Brindley to set the seal on a long-term strategic partnership. Initial plans include the digitisation of 25 million pages of our out-of-copyright books in the coming year.

The Library was also a co-sponsor with Microsoft, Apple, Barclays, BP and Toshiba, among others, of a submission to Ecma International, the digital standards organisation, of the Microsoft® Open Office XML document format technology. With the various formats available as an open standard, users can have increased confidence in their ability to store and manage data in the long term. The submission is significant to the Library in relation to our work on the digital library.



New Age Festivals

The Renaissance celebrated in style. In 1475 Constanzo Sforza and Camilla of Aragon held an eight-hour banquet to celebrate their marriage. A contemporary account is now online. It features in the earliest of 250 Renaissance festival books we've digitised in partnership with the University of Warwick. The festival books show the magnificent ceremonies that took place in Europe between 1475 and 1700. They are a superb scholarly resource, documenting marriages and funerals, coronations and pageants and will fascinate everyone who enjoys history. The Arts and Humanities Research Council, which funded the project, rated it as 'outstanding' and it was shortlisted for the Information Management 2005 awards.



The Field of the Cloth of Gold, 1520»
The design for Henry VIII's pavilion, in the Tudor colours

Turning Mozart's Pages

'Magnificent!', 'a superb creation', 'quite breathtaking' – just some of the responses to the web debut of Mozart's own handwritten catalogue and Lewis Carroll's manuscript of *Alice's Adventures Under Ground*, which features his own illustrations. *Mozart's Verzeichnüss aller meiner Werke* details most of his compositions during the seven years up to his death in 1791, including his five mature operas, last three symphonies and a number of tantalising works which have since been lost. The online version was launched to celebrate his 250th anniversary and uses our award-winning Turning the Pages interactive animation system.



Mozart's catalogue»
Featuring 75 audio extracts, including the first bars of lost works

Black Europeans

Popular versions of history have often airbrushed out the contribution of non-Europeans to Western culture. In recent years, however, scholars have begun to challenge the idea that race or ethnicity is a barrier that can stop individuals from participating in any field they choose. In light of this, we asked the writer and historian Dr Mike Phillips to work as guest curator on two online features, *Black Europeans* – which reveals the African backgrounds of great names in European culture, such as Alexander Pushkin and Alexandre Dumas – and *Caribbean Views: Sugar, Slavery and the Making of the West Indies*.



Alexander Pushkin 1799–1837»
A European cultural icon with African forbears

Connecting business ideas with the tools that make them a reality

Our new Business & IP Centre helps people build their business from concept to commercialisation. The Centre has all the publications, databases, expertise and networking opportunities that budding entrepreneurs need.

'A jewel in the crown of enterprise in this country'

Sir Digby Jones, opening the Business & IP Centre, March 2006



The most up-to-date literature on patents and IP protection»

Specialist staff and workshops to help people deal with copyright, trademarks and registered designs.

50m patents from 40 countries.

1 DEVELOP THE IDEA

Information»

The Centre has publications and online information about every aspect of innovation, with information clinics to help people with ideas find out how to develop them.

Inspiration»

Our role model events and *Ask an Expert* sessions create self-belief and empower the business novice.



2 PROTECT THE IDEA



Users of the Business & IP Centre have free access to 40 high-value databases – saving them over £500,000 in subscriptions. Entrepreneurs can research the market, attend a business planning workshop then find out how to get the finance to back their business.

Connecting enterprise and ideas



Stephen Anderson, Business Adviser, CENTA Business Services, finds the service effective and professional, and encourages his clients to use it.



Souad Larusi, of Larusi Tribal Rugs, has gained valuable insights at the Centre's workshops.



3 BUILD THE BUSINESS

4 BUSINESS SUCCESS

'To be a successful entrepreneur you need to be a pathological optimist and believe you can change things. But you've got to know what you need to do, and how to do it. The Centre can help you find out, and that can have such a powerful effect.'

Dame Anita Roddick, founder of The Body Shop, who is taking part in our Ask an Expert one-to-one advice sessions.

Connecting enterprise and ideas

Creative minds have always found inspiration for new ideas in the British Library. But how to turn ideas into reality? Our *Beautiful Minds* exhibition examined the genius of great Nobel Prizewinners and the conditions in which their ideas flourished, while our new Business & IP Centre creates value by helping people turn their inspiration into enterprise.



WE ARE WORKING WITH TECHNOLOGY PARTNERS TO BROADEN OUR REACH AND MAKE OUR PROGRAMMES MORE ACCESSIBLE THROUGH FREE PODCASTS AND WEBCASTS.



OUR INSPIRING ENTREPRENEURS ROLE MODEL EVENTS ARE SO POPULAR THAT THEY ALWAYS SELL OUT.

Beautiful Minds

Our major winter exhibition celebrated the science of Francis Crick and James Watson (DNA), Alexander Fleming (penicillin), and Wilhelm Roentgen (X-rays), the literature of Samuel Beckett and the peace programme of Nelson Mandela, among others. The lives of thirty Nobel laureates were explored and their creative environments – including Cambridge, Paris, Vienna, Chicago and Tokyo – portrayed. The exhibition used contemporary sources, personal objects and interactive displays to show how these centres attracted talent and enabled creative collaboration, but were also arenas of competition and rivalry.

Alongside the exhibition we ran *Creative Insights*, a hugely popular series of talks and debates in which leading figures addressed creativity in their sphere. Speakers included Baroness Susan Greenfield on the search for the creative mind, Lord Puttnam on the creative producer, Professor Lisa Jardine on the creative scientist and the Rt Hon Tony Benn MP on the creative statesman.

The series was sponsored by the Arts and Humanities Research Council (AHRC). The Council's Chief Executive, Professor Philip Esler, said that 'the events gave scientists, the creative industries and entrepreneurs excellent opportunities to hear some of the UK's leading creative talent offer guidance on how best to harness creativity in the service of research, business and public welfare goals'.

While Britain's population is only 1 per cent of the world's, we account for 15 per cent of the creative industries' global GDP, as Sir Digby Jones pointed out at the launch of the Business & IP Centre. The AHRC and the Library play important roles in the transfer of knowledge and inspiration into creative enterprise, and recognise the great advantage of increasing our collaboration in this area.



Oliver King, Director of the service design agency Engine»
One of the speakers in our *Creative Insights* series

British Library's help for business

The British Library this week opened a new intellectual property and business information centre within its London headquarters, offering free access to news and patent protection databases.

Users get free access to 40 previously paid-for news databases as well as the UK's most comprehensive collection of business and intellectual property information.

The Business and IP Centre, which hopes to become a networking base for entrepreneurs, will also run advice clinics and seminars on issues such as intellectual property and trademark protection.

Users will need a reader's pass, which involves a 20-minute registration process. More information can be found at the British Library website on www.bl.uk/bipc.

British Library opens new chapter for entrepreneurs



FINANCE CORNER

Free advice from Body Shop founder

Dame Anita Roddick is to host a series of free business advice clinics at the British Library's newly opened Business and Intellectual Property Centre, helping entrepreneurs and small business owners to work a private practice with the founder of The Body Shop - which previously accepted a prize advance offer from US-based French cosmetics giant L'Oréal. The first of which will be held on April 29. The service is part of a wider programme of workshops being offered at the Business and IP Centre, which was opened earlier this month to a line-up of research and advice sessions to help people run their businesses.



Press attention

The Business & IP Centre has achieved unprecedented coverage for the Library in the UK business press. Three articles devoted to the Centre appeared in the *Financial Times* in 2005/06.

One article - which described the Library as 'a treasure chest of information' - featured bespoke tailor Imtaz Khaliq who has used the Centre for inspiration and market research. The groundbreaking one-to-one advice sessions run in the Centre by The Body Shop founder Dame Anita

Roddick were also covered, resulting in overwhelming demand. The March launch of the Centre resulted in another piece in the FT - and in many other media.

The Centre was covered in 130 articles, achieving a potential readership of some 50 million. The equivalent advertising spend for that level of visibility is around £870,000. This underlines how successful the Library has been at leveraging its resources, in order to raise awareness of the Centre amongst entrepreneurs and SMEs, and attract new users.

The extensive coverage has helped spread the word about the Library's contemporary relevance. It certainly helps to deliver the vision that we are here to help everyone who wants to do research.

Press coverage with a potential readership of 50 million

Partnerships

From the outset, the Business & IP Centre has been a collaborative project. Our partnerships with highly respected enterprise support organisations have complemented our own services. For example, the Patent Office, ideas21 and Business Plan Services have worked alongside our information experts to deliver a stimulating events programme. OneLondon and the Dynamic Asian Women's Network have helped us broaden the diversity of our user base, while the Camden Business Forum and Centa have introduced us to local businesses and opened up our incomparable resources to new audiences.



Delivery partners»

Together we extend the services on offer and reach new users

Exceeding our targets

Over 25,000 users have benefited from the Business & IP Centre since it opened as a pilot in May 2004 and in 2005/06 we issued over 6,000 new Reader Passes for business. In the same year our information experts and our accredited partners delivered almost 1,000 business advice sessions on a wide range of topics.

We exceeded all but one of our London Development Agency targets for participants in these workshops and events.

Women

45% on a target of 15%

Black and minority ethnic groups

32% on a target of 29%

People with disabilities

4% on a target of 5%.



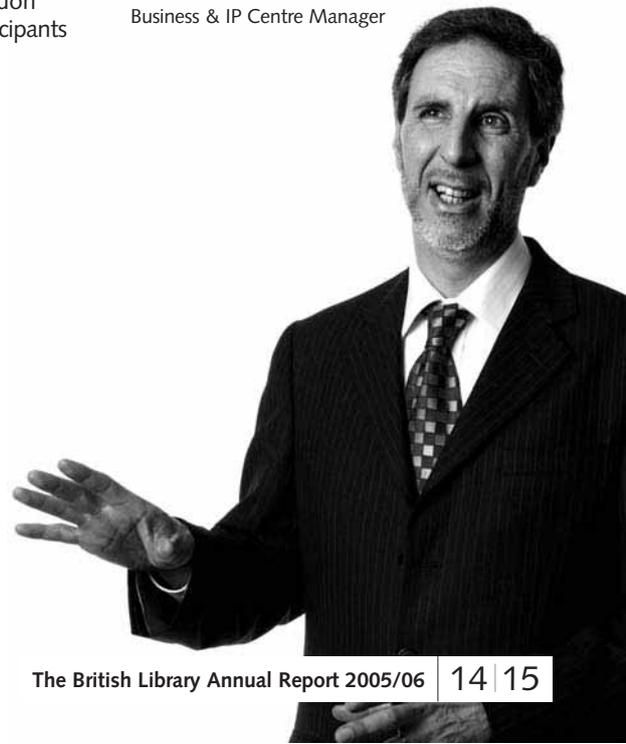
Developing enterprise»

People with ideas are empowered by our events and information sessions

"It's a wonderful feeling, helping to increase people's chances of success. Some of the business plans that people are talking to me about now have the potential to be really big."

Neil Infield

Business & IP Centre Manager





**Gaysha
aged 25**

**Jessica
aged 25**

**Colin
aged 26**

**Sherborne
Missal
aged 600**

Connecting new generations to inspiration

We want people using our services to have a fulfilling, rewarding experience. We strive to mount exhibitions and run workshops and events of a high calibre that inspire and connect with audiences.

Our public spaces and exhibition galleries are a major part of the Library's attraction. However rich our web resources, people still get a special thrill from seeing the real thing, whether it's Jane Austen's manuscripts or John Lennon's lyrics. Visitors from across Britain and throughout the world come to see the actual *Magna Carta*, revered as democracy's founding document. This year it's the centrepiece of a major gallery refit, and the new display improves its presentation

and interpretation, while maintaining the visitors' focus on *Magna Carta* itself. Multimedia technology is used to give context and enhance people's engagement with the real-life iconic document.

In response to the feedback we get from visitors, we're creating a better experience in the Sir John Ritblat Gallery, *Treasures of the British Library*. For example, we've provided more seating at the listening points, put Turning the

Pages consoles alongside featured works, and improved the labelling and lighting throughout the gallery.

Giving people the opportunity to get close to our greatest treasures is core to our mission – but so is our responsibility to preserve them for future generations. We've begun a programme to bring some less familiar masterpieces to public attention; meanwhile, following international best practice, we're taking certain treasures off display

on a six month rotation to rest them from exposure to light and to minimise the strain on their bindings. Rarely will more than one major work be off display at any time and full information will always be given on our website.

Connecting with new audiences

75 per cent of Britons know about their national library. That's increased from under 50 per cent of the population five years ago, according to a MORI poll*. We're building our reputation in the public imagination. Our St Pancras visitor numbers have risen by 3.6 per cent according to the Association of Leading Visitor attractions, during a time when most London attractions have seen visitor numbers fall after the bombings of July 2005.

"The growing popularity of the Reading Rooms has seen an increase in demand for our services. But the teams who run them have responded to the pressure, particularly over the peak periods, and our book delivery times remain four per cent above target. My colleagues are dedicated and go out of their way to help people get their research done."

Sita Gunasingham
Reading Room Support Manager



Fairytale romance

Our major summer programme 2005 celebrated Hans Christian Andersen's bicentenary, and brought the *Ugly Duckling*, the *Snow Queen* and the *Emperor's New Clothes* to life in performances, displays, storytelling, origami and a scholarly conference. A giant white swan hovered over the exhibition gallery, and visitors young and old told us they loved the 'magically inventive and playful world' we created.

To extend the reach of the exhibition, we worked with the London Libraries Development Agency to deliver a family reading promotion, *Magical Tales*, to local libraries in London and Yorkshire. 14 library authorities took part, running 53 events over the summer. We also collaborated with Visit Denmark on a 'flying suitcase' promotion, delivering 500 suitcases full of Andersen information to 98 UK regional libraries.



Theatre-rites performed Andersen's tales»
Audiences expressed their delight

Readers' lives

In summer 2005 we commissioned MORI to survey people using our Reading Rooms. 75 per cent said they wouldn't think of using any other resource and 95 per cent said they achieved what they wanted to during their visit. One in twelve of the users surveyed said they came to the Library every single day – a response echoed by the art historian Frances Spalding, who recently wrote, 'the British Library is one of my great loves – even something of a second home'. Her enthusiasm is shared by writer Amy Rosenthal, who said in the *Daily Telegraph*, 'this beguiling building provides a warm and gracious sanctuary... a convivial haven, with an ambience both scholarly and sociable'.

We're keen to ensure that everyone who wants to do research feels welcome to use their national library. Whether people are researching for academic, personal, public service or commercial purposes, we've encouraged all who can to benefit from the Library, which has led to a 17 per cent increase in Reader visits over the past year.

In parallel, we've improved services. Registering for a Reader Pass is an easier process. There are extra spaces for Readers to use during busy times. Readers can now order books from our online catalogue before they visit, so that when they arrive, their books are waiting for them in their Reading Room. A new Welcome Team has been formed, comprising staff with wide and varied experience, able to guide people from registration right through to how to make best use of our resources to tackle complex research topics. The ways we communicate with our visitors – signs in the buildings, leaflets, information display screens and our website – have been clarified and standardised to make the Library easier to use by more diverse audiences.

All the above are facets of the top strategic priority that we announced last year – to enrich the user's experience. Notwithstanding the pressure on services of a greater number of Reader visits, the percentage of Readers rating their experience as either 'excellent' or 'good' rose from 92 to 96 per cent this year.

* MORI survey in summer 2005 of 610 Library users and 1,300 members of the public.

4,000 people participated in London's Family History Day

Opening the doors to family historians

The British Library hosted London's Family History Day in March 2006. The day proved overwhelmingly popular – 4,000 people poured in, many of whom had not visited the Library before. BBC London broadcast from the Library throughout the day, giving an even wider audience an insight into tracing family roots. Family History Day marked the new series of the BBC's popular *Who do you think you are?* and one of our guest speakers was Nick Barratt, leading genealogist and consultant for the programme. The free activities included a family history fair featuring some 30 exhibitors, a programme of talks by British Library and external specialists, 'meet the expert' sessions, workshops for young people and performance poetry.



Lifelong learning

An inspirational pair of British Library Readers recently completed their postgraduate studies at an unusually advanced age. Murray Glynn and Dr Ron Lipman have been using the Reading Room at Boston Spa regularly for the past five years. Murray has successfully completed his MA on the social effects of early broadcasting and Ron has just been awarded his PhD by the University of Manchester. His thesis was *The Limits of Jewish Identity: Jewish attitudes to the black Jews of Ethiopia in 19th and 20th century Europe and in contemporary Israel*.



Murray Glynn (left) and Dr Ron Lipman»
Dedicated researchers in our Reading Rooms

First appearance of the Ashes

The Sporting Times originally coined the term 'the Ashes' in its obituary of English cricket in September 1882. The Chief Executive was at the Brit Oval Cricket Ground to present facsimiles of the original to the MCC, ECB and SCCC at the start of the 2005 final test. The Ashes contest and England's win sparked national interest in the myths surrounding the series. The Library's newspaper collection is a treasury of facts and legends behind Britain's sporting heroes and their achievements. In the run-up to the 2012 Olympics, we're looking at ways to bring this national resource to greater public attention.



Cricketing low»
The Sporting Times 2 September 1882

Sounds of Africa

The African soundscape echoed around the Library during *Africa 05*, the UK-wide celebration of African culture. One hundred recordings from our Sound Archive – including one that eavesdropped on a cheetah asleep in a tree – juxtaposed the traditional and the modern, the rural and the urban, and challenged common perceptions of Africa. Music, wildlife and literature could be heard on different floors at special sound stations. The Archive's century of sound recordings of Africans and Africa comprises a historic and cultural resource of enormous potential.



African continuity»
A Gambian kora player on board a buggy



The Library preserves the record of our past and present, and makes it available to everyone who wants to do research. But the heavier the use of our collections, the more important our conservation work becomes so that material remains in usable condition for researchers in the centuries to come. Some information is recorded on carriers that degrade even if they are not used, such as sound recordings made on acetate discs. Our Centre for Conservation signals the

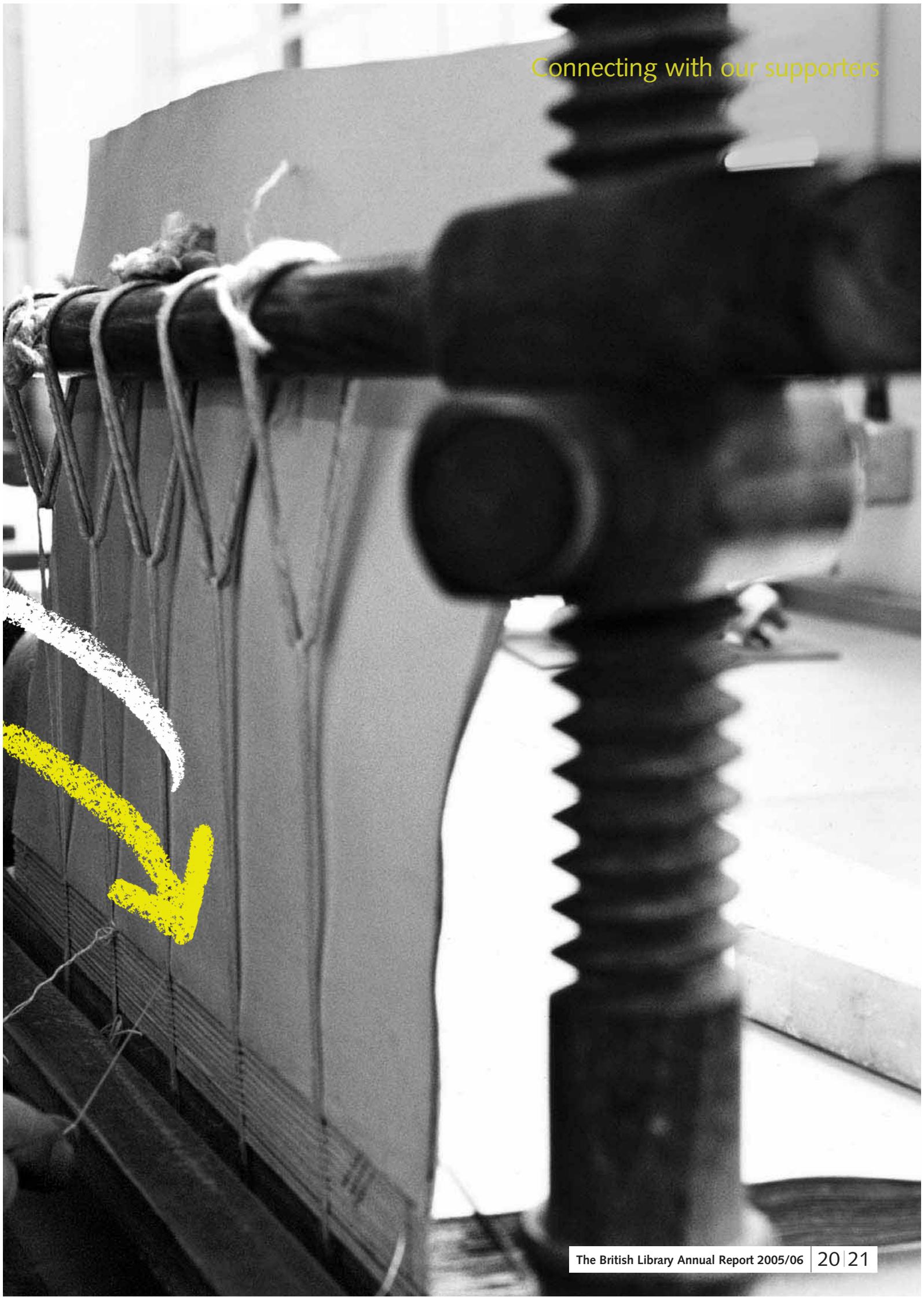
importance that the Library attaches to this aspect of our work. The fact that money for its construction was raised from trusts and individuals demonstrates how widely our commitment is shared.

The Centre will bring together all our different book conservation teams for the first time in the history of the Library. It will also house the Sound Archive's technical operations and professional remastering facilities.

We will be giving tours of the studios, demonstrations and lectures so that people can engage with experts in their working environment. A training programme for conservation professionals is being planned in partnership with a higher education provider.

Connecting the past to the future through conservation

The British Library Centre for Conservation has been built during the year. The Centre will enable the Library to bring together the world-class skills of our conservation teams and help to educate the conservators of the future.



Connecting with our supporters

We connect with our supporters through a shared desire to widen access to the world's knowledge.

More than ever before this is being achieved thanks to record levels of support from individuals, trusts, foundations and corporations this year. For example, our world-class Centre for Conservation is near completion and the oldest New Testament is to be conserved and digitally reunified to allow worldwide access via the web.



"My Ladye Nevells Booke is delightful not only because of the music it contains, but also for its decoration, calligraphy and binding. The book quickly caught the imagination of funders and the public. The acquisition was very rewarding for me personally because I'm a keen pianist and in my excitement I bought a modern edition to play in preparation for the fundraising work! I feel privileged to be able to make that connection between my work and my own passion."

Michele Burton
Trust Fundraising Manager

Conservation research

One of the largest grants ever made for conservation research in the UK has been awarded to the British Library. The grant of \$695,000 from the Andrew W Mellon Foundation will help us safeguard the future of the nation's collections by enabling us to research the impact of environmental conditions on books.

The research will be led by Dr Barry Knight, the UK's first Head of Conservation Research, and we will collaborate with the other five Legal Deposit libraries, the National Archives and the National Archives of Scotland.

One project will examine copies of the same books held by various libraries and compare how differences in their storage conditions and usage have affected their state of preservation. An element of the work will analyse volatile organic compounds, which all paper emits as it ages (hence the smell of old books) and which, being acidic, contribute to degradation. By sampling the air in their storage facilities the partners will get early warnings of when the acid content is reaching dangerous levels. This will help them to improve the design of stores to minimise degradation.

My Ladye Nevells Booke

William Byrd was 16th century England's most celebrated composer, and a manuscript containing 42 of his works has been acquired for the nation. Completed in 1591, the manuscript contains alterations and additions believed to be by Byrd himself. Musicians and scholars acknowledge it as one of the finest Tudor music manuscripts in existence.

The acquisition was made possible through the generous support of the National Heritage Memorial Fund, National Art Collections Fund, Friends of the British Library, Friends of the National Libraries, the Golsocott Foundation and members of the public.



[My Ladye Nevells Booke»](#)

Dedicated to Elizabeth, wife of Sir Henry Nevill (sic) of Billingbere, Berkshire

Construction of the new Centre for Conservation is on target and on budget

British Library Centre for Conservation

Construction of the new Centre for Conservation is progressing on target and on budget, and a Topping Out Ceremony has now been held to mark completion of the outer shell. New donations have included major awards from the Garfield Weston Foundation, Paccar Foundation, Fidelity UK Foundation and American Trust for the British Library.

When the building opens in spring 2007, dedicated facilities will enable us to offer a range of new training opportunities for book conservation and sound archiving. We want to offer bursaries to young people undertaking internships, and the Heritage Lottery Fund and the Ernest Cook Trust have kindly agreed to contribute towards these.



International Dunhuang Project

The Ford Foundation has awarded a substantial grant to the International Dunhuang Project (IDP) to enhance significantly our connections with partners in China, India and Russia. As well as enabling 10,000 items from their collections to be catalogued, digitised and added to IDP's online database, the grant will also help us develop the research skills and networks of scholars in these regions, and will pump-prime the foundation of an IDP Centre in India. Further funding is now being sought to conserve, catalogue and digitise the remainder of our Silk Road collections and to introduce new resources for schools and colleges.



IDP resources are used in schools» Chinese schoolchildren learn about their heritage

Codex Sinaiticus Project

A number of major grants have been made this year to support the *Codex Sinaiticus* Project, an international collaboration to conserve and digitise the world's oldest Bible. These included awards from the Arts and Humanities Research Council, Deutsche Forschungsgemeinschaft, AG Leventis Foundation, the American Friends of Saint Catherine's Monastery and an anonymous trust. The awards enabled us to more than match the Stavros S Niarchos Foundation's £150,000 challenge grant. A Royal Gala Dinner is being held in June 2006, in partnership with the Saint Catherine Foundation, to complete the appeal.



The oldest complete New Testament» Written in Greek by three scribes in the 4th century



CONNECTING WITH FUTURE GENERATIONS OF CONSERVATORS



A TIME CAPSULE CONTAINING TOOLS, SOUND RECORDINGS AND PHOTOS OF STAFF WILL BE BUILT INTO THE FABRIC OF THE CENTRE FOR CONSERVATION.

Delivering our strategic priorities

Progress against 2005/06 commitments

IN LAST YEAR'S REPORT WE SET OUT OUR ACTION PLAN FOR 2005/06. HERE WE REPORT ON HOW WE'VE TAKEN FORWARD THE STRATEGIC PRIORITIES WE SET OURSELVES.

01

Enrich the user's experience

We transformed our Business & IP Centre. The capital re-fit was completed on time and the Centre was opened on 8 March 2006. Workshops started as planned on 9 March, and we are working with partners on programmes of expert sessions and business information events.

In June 2005 we launched the British Library Direct portal. For the first time, internet users have free search access to the contents lists of our top 20,000 international research journals. They can order the full text of articles from the Library and pay by credit card, relying on us to pass the copyright fee to the publishers. In March 2006 the service was linked to Google Scholar to make access even easier.

The two major temporary exhibitions this year were: *Hans Christian Andersen*, (20 May to 2 October) and the Nobel Prizewinners display, *Beautiful Minds*, (7 December to 15 March). Smaller shows included an oral history of fashion and displays of manuscripts by Elizabeth Barrett Browning and Mozart.

We completed the project plan to reshape our Reading Room layouts and services in order to make best use of the space and suit the future needs of people researching in different ways. We are taking forward plans to standardise opening hours across all Reading Rooms. However, we were unable to implement our programme to enhance inter-availability of materials across the special collections Reading Rooms because of the lack of sufficient resource.

08/03/06
Our transformed Business & IP Centre was opened

Business & IP Centre
The London Development Agency awarded £1 million to transform the Business & IP Centre and open it up to new user groups. The Centre opened for business on schedule and on budget. Over 1,000 business advice sessions ran during the year and we have exceeded targets for participation in workshops.

June 2005
We launched the British Library Direct portal
Internet users now have free search access to the contents lists of our top 20,000 international research journals.

1,000,000
PAGES OF BRITISH 19TH CENTURY NEWSPAPERS HAVE BEEN MICROFILMED PRIOR TO DIGITISATION

2,200 hours
3,900 hours
Good progress is being made on the sound recordings with 2,200 hours from a total of 3,900 digitised to date.

The sound project is on schedule to launch in autumn 2006.

02

Build the digital research environment

The first development phase of the digital library established a secure storage system for electronic materials received as part of the UK publishers' voluntary deposit scheme. We began a full EU procurement for an Ingest Component – the part of the system that will automatically take in the UK e-journals that will arrive once electronic legal deposit is finalised. We commissioned a detailed investigation of Digital Policy Management and have now drafted an initial set of requirements.

The digitisation of newspapers and sound recordings is progressing and we have had nearly one million pages of British 19th century newspapers microfilmed prior to digitising them. We have digitised 2,200 hours of sound recordings from a total programme of 3,900. Copyright licensing for a number of items is taking more time than expected but the project is on schedule to launch in autumn 2006. The work is funded by higher education's Joint Information Systems Committee (JISC).

In May 2005 the Library launched the first phase of the searchable archive of websites, developed by the UK Web Archiving Consortium (UKWAC). There are almost 1,000 sites available via www.webarchive.org.uk. The Library has contributed over 500 sites, selected in line with our content development policy. UKWAC was shortlisted for the Digital Preservation Coalition's Digital Preservation Awards in November 2005, which raised the profile of the Library's web archiving programme. We went to tender for a smart crawler to harvest websites automatically, but it was not possible to reach agreement with any of the suppliers who applied. Alternative methods of developing the smart crawler are being pursued, in the first instance by exploring possibilities with the Bibliothèque nationale de France and the Library of Congress.

1,000 sites
AVAILABLE VIA www.webarchive.org.uk

The British Library has contributed over 500 sites, selected in line with our content development policy.

£1m+
efficiency savings
over two years

03

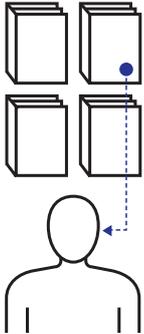
Transform search and navigation

Streamline the processing of incoming collection items. We have completed restructuring of the teams which deal with incoming items and their cataloguing. This will give us efficiency savings of more than £1 million over two years.

Readers can now reserve books online before their visit to the Reading Rooms. The books are ordered using the Integrated Catalogue and are waiting to be collected when the Reader arrives.

We have completed the options appraisal and started a pilot project to make our archives and manuscripts catalogues available via the Integrated Catalogue. We are also working towards hosting the English Short Title Catalogue.

Reserving books online



We have had a very positive response from Readers to the new online reservation system.

'Being able to order books on the internet in advance of visiting is an excellent service and saves a lot of time.'

Quote from a Reader survey form

Occupation of the Centre for Conservation at St Pancras is planned for early 2007

04

Grow and manage the national collection

Construction of the British Library Centre for Conservation at St Pancras began in August 2005 and is well underway, with occupation planned for early 2007. The construction order was placed with Sir Robert McAlpine and the project remains on budget. Following a very successful fundraising campaign we have been able to reduce the grant in aid subvention. Negotiations with a partner from higher education on the establishment of a book conservation foundation degree continue to progress.

The business case for the low-oxygen automated collection storage to house 260 km of the collection at Boston Spa was approved by HM Treasury in December 2005. A preliminary contract for the automation component was signed and container design and development began in January 2006. Planning consent has been granted and site preparation started. The construction contract will be awarded in summer 2006/07.

We reviewed our purchased collection materials and formulated a content development strategy for Arts and Humanities and Social Sciences on which we are currently consulting our stakeholders. The strategy was guided by an advisory panel of experts from research environments. We have outlined plans for science, technology and medicine (STM), which will be further developed when our new Head of STM is appointed.



Low-oxygen automated storage

The new facility will be the world's largest fully-automated high-density book storage built to meet the archival standards of BS5454:2000. It will use state of the art reduced oxygen fire protection and innovative environmental controls to protect the national collection.

260 km

OF THE COLLECTION WILL BE HELD IN THE NEW STORAGE CENTRE AT BOSTON SPA. THE BUSINESS CASE FOR THIS WAS APPROVED BY HM TREASURY IN DECEMBER 2005

We are consulting on our content development strategy

Delivering our strategic priorities continued

Progress against 2005/06 commitments

IN LAST YEAR'S REPORT WE SET OUT OUR ACTION PLAN FOR 2005/06. HERE WE REPORT ON HOW WE'VE TAKEN FORWARD THE STRATEGIC PRIORITIES WE SET OURSELVES.

05

Develop our people

We are defining our future needs for skills, knowledge and expertise with an initial focus on social sciences and science, technology and medicine. Plans for our social science capability have been endorsed by the Board and we are recruiting a Head of Social Science, one of whose first tasks will be to define the job profiles of a number of content experts.

All our managers – some 400 staff – have completed the Excellence in Leadership training programme. The programme has enabled managers across the Library to improve their management styles and leadership skills. An online 360 degree feedback evaluation form has been prepared and will be used to measure the extent of learning and behavioural change from this programme. The course is likely to run twice a year to enable new recruits and staff who become managers during the year to benefit from it.

400 managers

ALL OUR MANAGERS COMPLETED THE EXCELLENCE IN LEADERSHIP TRAINING PROGRAMME



“This programme has made our managers much more aware of the diverse personal styles of others and how they can adapt the way they manage and lead. It develops their ability to build positive working relationships with stakeholders and achieve better business results for the Library.”

Aileen Downing, Human Resources Manager



£12.1m

OF EFFICIENCIES TO FUND DEVELOPMENTS ACHIEVED OVER THE COURSE OF THE YEAR

Cash savings

- Improved productivity
- Consequent staff reductions

Non-cash savings

- Increased web offerings
- Increased numbers of web users
- Greater promotion of St Pancras activities
- Increased Reader and visitor numbers

06

Guarantee financial sustainability

We achieved £12.1 million of efficiencies to fund developments over the course of the year. Significant cash savings have come about through improved productivity and consequent staff reductions. Non-cash savings (where the Library does more with the same resource) include increased web offerings which attracted increased numbers of web users, and greater promotion of St Pancras activities which attracted increased Reader and visitor numbers.

The Library's Corporate Balanced Scorecard came into effect in April 2005. This enables senior management to obtain an improved overview of performance across different aspects of the Library's activities. The Executive Team receives monthly reports on progress and takes remedial action where necessary; the Board receives quarterly reports. In November, work began on identifying metrics and setting targets for 2006/07. These were signed off by the Board in March 2006.

April 05

The Library's
Corporate Balanced
Scorecard came
into effect

Delivering our strategic priorities continued

Action plan for 2006/07

WE HAVE AN INNOVATIVE AND EXCITING PROGRAMME TO DELIVER. THESE ARE THE HIGHLIGHTS FOR 2006/07, THE SECOND YEAR OF OUR STRATEGY. WE WILL REPORT PROGRESS AND ACHIEVEMENTS IN OUR ANNUAL REPORT FOR 2006/07.

01

Enrich the user's experience » Action 2006/07

- 1 Generate awareness and usage of the newly opened Business & IP Centre. The Centre supports entrepreneurs and SMEs from their initial spark of inspiration to successful commercialisation.
- 2 Create a new Reader Registration office, supported by an integrated Welcome Team of specialist customer service staff. The office will combine the new Reader Registration and renewals processes and bring together information and training for new Readers about how to use the Library effectively and with consideration for others.
- 3 Hold major temporary exhibitions at St Pancras: *The Front Page*, celebrating the last 100 years of British newspapers, and *London in Maps*, demonstrating how the city has been portrayed in maps and panoramas from Roman times to the present day.
- 4 Conduct a full feasibility study on the option of transferring researchers' access to newspapers from Colindale to St Pancras as a first step in the Library's long-term newspaper strategy.

04

Grow and manage the national collection » Action 2006/07

- 1 Begin construction of the Additional Storage Programme at Boston Spa. This will enable the Library to store 260 km of materials in controlled environmental conditions, and to rationalise the location of high and low use materials. It will also enable the Library to relinquish leasehold collection storage buildings.
- 2 Complete construction of the Centre for Conservation and complete all moves into the building. This major new addition to St Pancras will be a centre of excellence bringing together all aspects of book and sound conservation in a state of the art building.
- 3 Launch a three-month public consultation, between April and July, on *The British Library's Content Strategy: Meeting the Knowledge Needs of the Nation*. Analyse responses received, finalise the *Content Strategy* and make it available.

02

Build the digital research environment » Action 2006/07

- 1 Develop enhanced functionality of the digital library to provide storage, preservation and long-term access to the intellectual output of the nation. Develop the ingest functionality for electronic journals.
- 2 Complete the Library's archival sound recordings and newspaper digitisation projects by making 3,900 hours of archival sound recordings and 2,000,000 pages of 19th century British newspapers accessible on the web. These projects are made possible through JISC (Joint Information Systems Committee) funding.
- 3 Complete UK Web Archiving Consortium pilot project and continue to develop British Library web archiving operations, aiming to have over 800 archived websites by the year end.
- 4 Lead development of the European Commission-funded PLANETS project which will involve national libraries and other bodies in developing a framework to enable long-term preservation of digital text, images, audio and datasets.

05

Develop our people » Action 2006/07

- 1 Develop and implement the Library's Diversity Strategy to build a diverse workforce and increase engagement within the Library and with wider communities.
- 2 Develop an integrated Talent Development and Succession Planning framework to enable the Library to address potential skills gaps and to attract and retain talent.
- 3 Continue to drive a modernised Pay and Reward Strategy to enhance the Library's employment model of recruiting and retaining the best people.
- 4 Implement a further Library-wide Colleague Opinion Survey to measure the Library's core values and culture and inform the continuous action planning process and People Strategy initiatives.

03

Transform search and navigation » Action 2006/07

- 1 Make the Library's archives and manuscripts catalogues available via the Integrated Catalogue in 2006/07. Plan for future integration of the Sound Archive catalogue into the Integrated Catalogue, post 2006/07.
- 2 Commence transfer of ESTC (the English Short Title Catalogue) from the US to the British Library where it will be hosted and made available free of charge over the web.
- 3 Work with a range of external product vendors and suppliers to explore new methods of performing resource discovery on both electronic catalogues and other digital content. Carry out at least one pilot project to assess the capabilities of the available off-the-shelf products.

06

Guarantee financial sustainability » Action 2006/07

- 1 In the face of increasing financial constraints, strengthen the Library's financial and business planning mechanisms and maintain ongoing fund raising activity to ensure that the Library is best placed to deliver its priority programmes within a balanced budget year on year.
- 2 Develop the Library's Comprehensive Spending Review 2007 bid to Government for funding for 2008/11 by prioritising the major funding requirements.
- 3 Undertake a programme of work to develop a sustainable business model for the Library's document supply service that is consistent with the Library's overall business and financial plans.

Key performance indicators

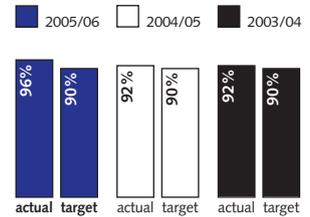
Performance against funding agreement targets

An all-time high for Reading Room user satisfaction

Quality 2005/06

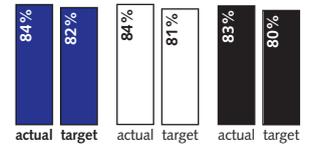
96%

Reading Room user satisfaction: percentage of Readers rating the services and facilities they used as either 'excellent' or 'good'



84%

UK remote user satisfaction: percentage of users who are 'completely satisfied' with the Document Supply service



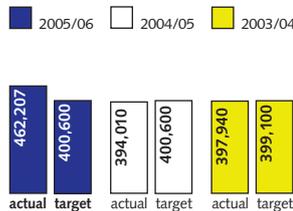
Exhibition visitors satisfaction:

98% of visitors rate the quality of their visit as either 'excellent' or 'good' for the third year running, meeting our target of 98%

Throughput 2005/06

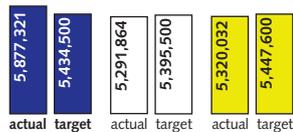
462,207

Number of visits to Reading Rooms



5,877,321

Number of items supplied/consulted remotely and onsite



24,626,166

Number of searches of the Library's online catalogue¹

	actual	target
2005/06	24,626,166	9,000,000
2004/05	14,702,594	8,500,000
2003/04	9,721,574	8,150,000

304,431

Number of visitors to the Library's Learning website and number of children attending educational sessions²

	actual	target
2005/06	304,431	72,500
2004/05	124,151	67,500
2003/04	111,059	57,500

75%

Proportion of children attending educational sessions from inner city schools

	actual	target
2005/06	75%	65%
2004/05	66%	62%
2003/04	59%	60%

865,813

Number of visitors to the Library's onsite and virtual exhibitions³

	actual	target
2005/06	865,813	470,200
2004/05	614,915	445,900
2003/04	557,136	420,000

Visits made to the Reading Rooms up

17%

Throughput

¹ The target was set in 2003 and was based on predicted use of the old British Library Public Catalogue, which was available to internet users but not in the Reading Rooms. The new British Library Integrated Catalogue is available to all users, regardless of location. The Integrated Catalogue records usage in a different way from the old catalogue as it records searches as multiple searches in cases where there is a multi-word phrase with no match.

² Usage of the Learning website was particularly high as a result of promotional e-newsletters, favourable publicity and good search engine rankings.

³ Visitors to virtual exhibitions on the web are more than seven times the target set as a result of the new *Online Gallery* which was launched in April 2005. The Gallery includes *Turning the Pages* and the three new volumes launched in 2005/06 – Mercator's Atlas, the manuscript of *Alice* and Mozart's catalogue of his works – attracted enormous attention.

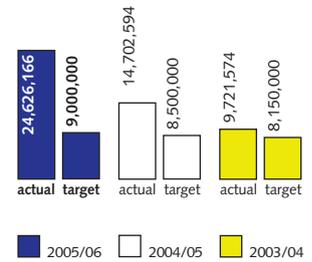
Key performance indicators

Performance against other key performance targets

11,942,099
pages of digitised
material viewed
over the web
2005/06

Number of online
catalogue searches
2005/06

24,626,166



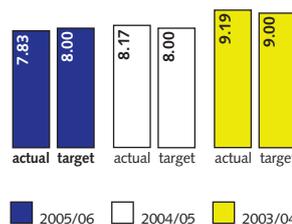
PERFORMANCE AGAINST OTHER KEY PERFORMANCE TARGETS

Measure	Target 2005/06	Actual 2005/06	Target 2004/05	Actual 2004/05	Target 2003/04	Actual 2003/04
Throughput						
Items acquired ¹						
Monographs	171,000	187,963	189,695	150,829	188,000	184,918
Serial titles	101,500	106,392	113,500	99,222	109,900	106,739
Newspaper issues	162,500	170,882	181,525	179,728	172,000	182,347
Patent specifications	1,850,000	2,095,698	2,000,000	2,349,099	2,025,000	1,849,716
Other special materials	60,857	75,819	146,460	159,249	192,068	153,815
Electronic	32,621	38,358	3,505	3,024	2,831	2,695
Cataloguing backlogs	396,472	385,756	407,789	402,120	357,680	385,971
Catalogue records created	362,000	389,006	325,012	344,829	749,450	884,249
Digital images created ²	29,526	23,760	636,000	43,673	489,685	492,893
Exhibition loans to other institutions ³	40	40	40	36	40	40
Pages of digitised material viewed over the web ⁴	4,250,000	11,942,099	4,250,000	9,056,710	3,570,000	4,742,754
Percentage of UK legal deposit material acquired	95%	97%	96%	79%	96%	97%
Percentage of material delivered electronically	25%	26%	22%	28%	15%	22%
Efficiency						
Document supply and monograph lending fulfilment rate ⁵	82%	80%	82%	81%	85%	82%
Percentage of material held onsite delivered in St Pancras Reading Rooms within 70 minutes	90%	94%	90%	94%	90%	93%

Average sick leave in working days
per staff member 2005/06

7.83 days

This year we have reached our target of less than 8 days' sick leave per staff member. This reduction is especially significant against the wider public sector average of 10 days' sick leave per employee per year.



Throughput and Efficiency

¹ Figures reflect acquisition by purchase, donation, exchange and legal deposit.

² The target for 2005/06 has been revised because there are several processes involved in digitising each image, rather than completely digitising each image one at a time. Each process is completed for all images so that each image will not be fully digitised until the 2006/07 financial year.

³ These are loans to individual institutions, not numbers of items lent. The average number of items per loan in 2005/06 was 5.3.

⁴ The initial target, set in February 2003, was for viewings of digitised images available at that time on the Library's website. Since then the Library has added further sets of digitised images to the web and therefore exceeded the original target considerably.

⁵ As more researchers use electronic resources within higher education, the requests we receive are increasingly for hard to find materials. As a result a slightly lower percentage has been satisfied within Library stock than in previous years.

Statistics

SERVICE IN THE READING ROOMS

	Reader desks	Other provision ¹
Seats available for users (at 31 March 2006)		
Humanities Floor 1 and 2 Reading Rooms	424	90
Rare Books and Music Reading Room	282	87
Maps Reading Room	37	21
Oriental and India Office Reading Room (now known as Asian and African Studies Reading Room)	68	46
Manuscripts Reading Room	72	25
Philatelic Collections	1	1
Science Reading Rooms	129	48
Business & IP Centre	67	28
Social Sciences Reading Room	54	24
Newspapers (Colindale)	77	74
Boston Spa Reading Room	76	17
Total	1,287	475

Other Reader services

	2005/06	2004/05
Reader education: training session attendees	880	728
Disability support: number of contacts	461	480

Seats available for users

¹This includes places for electronic access to the British Library Integrated Catalogue, electronic resource seats, microform readers and carrels.

21%
increase in Reader
education training
sessions attended
2005/06

BIBLIOGRAPHIC SERVICES

	2005/06	2004/05
Records in British Library catalogues and databases (at 31 March 2006)		
British Library Integrated Catalogue ²	11,515,486	11,199,364
Access to archives ²	573,973	551,062
Japanese and Chinese material in original scripts ²	46,441	40,735
Allied and Complementary Medicine (AMED)	195,726	184,393
British National Bibliography (BNB)	2,436,864	2,336,266
Sound Archive Catalogue ²	3,056,900	3,035,698
English Short Title Catalogue	468,647	468,647
Incunable Short Title Catalogue	29,438	29,438
Electronic table of contents ^{2&3}	27,745,402	25,373,462
International Standard Serial Numbers (ISSN) UK Centre	87,137	74,985
Manuscripts ²	788,548	780,134
Newspapers ²	53,074	52,725
Register of Preservation Surrogates	208,653	203,057
Total⁴	47,206,289	44,329,966

Records in British Library catalogues and databases

²Available via the Library's website

³A database listing articles and conference papers by title, derived from the top 20,000 research journals. The database is made available through British Library Direct and Zetoc.

⁴The total does not represent the number of unique records. There is significant overlap between some files, e.g. British National Bibliography and British Library Integrated Catalogue.

COLLECTION DEVELOPMENT

	2005/06	2004/05
Collection holdings (at 31 March 2006)		
Monographs ⁵	13,427,489	13,306,208
Serial titles ⁶	873,071	858,656
Newspaper titles ⁷	56,200	56,248
Manuscripts (single and volumes)	314,914	314,063
India Office records ⁸	391,972	391,699
Philatelic items	8,252,724	8,251,876
Cartographic items	4,317,464	4,310,946
Music scores	1,594,246	1,591,617
Sound discs	1,366,487	1,326,004
Sound tape items	239,263	231,855
Videos	27,582	26,628
Prints and drawings	32,629	32,605
Photographs	273,368	271,049
Patent specifications	57,928,334	55,832,636
Reports in microform	10,203,631	10,153,000
Theses	158,000	155,400
Total	99,457,374	97,110,490

Collection holdings

⁵The figure for monographs is based on the number of items in the relevant catalogues.

⁶The figure for serial titles is based on the number of records in the relevant catalogues. Changes of title are therefore counted as separate titles.

⁷The figure for newspaper titles includes weekly and fortnightly magazines as well as newspapers.

⁸The archives of the India Office (1858–1947) and its predecessors, including the East India Company (1600–1858).

Website usage 2005/06



Use of www.bl.uk

¹ Unique hosts served is the best approximation available to the number of individual users of the website.

COLLECTION DEVELOPMENT

	2005/06	2004/05
Items received on legal deposit		
Monographs	103,357	82,754
Serial issues	282,352	254,688
Maps and atlases	2,544	2,060
Music scores	1,712	982
Newspaper issues	154,617	154,651
Playscripts	218	230
Total	544,800	495,365
Serial titles received	38,253	36,261
Claims for items not automatically deposited ²	234,440	8,926

Items received on legal deposit

² Automated claiming was resumed in 2005/06 following the transition period to the new British Library Integrated Catalogue in 2004/05, when claiming was not possible.

544,800
items acquired on legal deposit

STORAGE

	2005/06	2004/05
Kilometres of shelving and percentage occupied		
Working capacity: linear km ³	654.5	654.5
Extent of collection: linear km	624.2	613.9
Percentage occupied	95.37%	93.80%

Kilometres of shelving and percentage occupied

³ Extent of collection represents the linear length of the solid stock, plus the associated growth spaces without which the collection could not be used and added to effectively.

PRESERVATION

	2005/06	2004/05
	£000	£000
Preservation funding		
Grant in aid	7,350	7,220
Donations/external funds	470	90
Sales income	300	390
Total	8,120	7,700

	2005/06	2004/05
Items preserved		
Conservation and/or rebinding ⁴	6,382	7,330
New binding ⁴	43,064	75,292
Minor repairs	22,362	19,412
Boxing/other work ⁴	8,602	17,386
Preservation microfilming	15,891	13,254
Total	96,301	132,674
Book cleaning/linear metres	1,055	6,820

Items preserved

⁴ Conservation, New binding and Boxing/other work figures are substantially reduced from the previous year because the number of items treated externally has been difficult to identify since the implementation of the new Preservation and Conservation Management System in September 2005. This issue is being addressed.

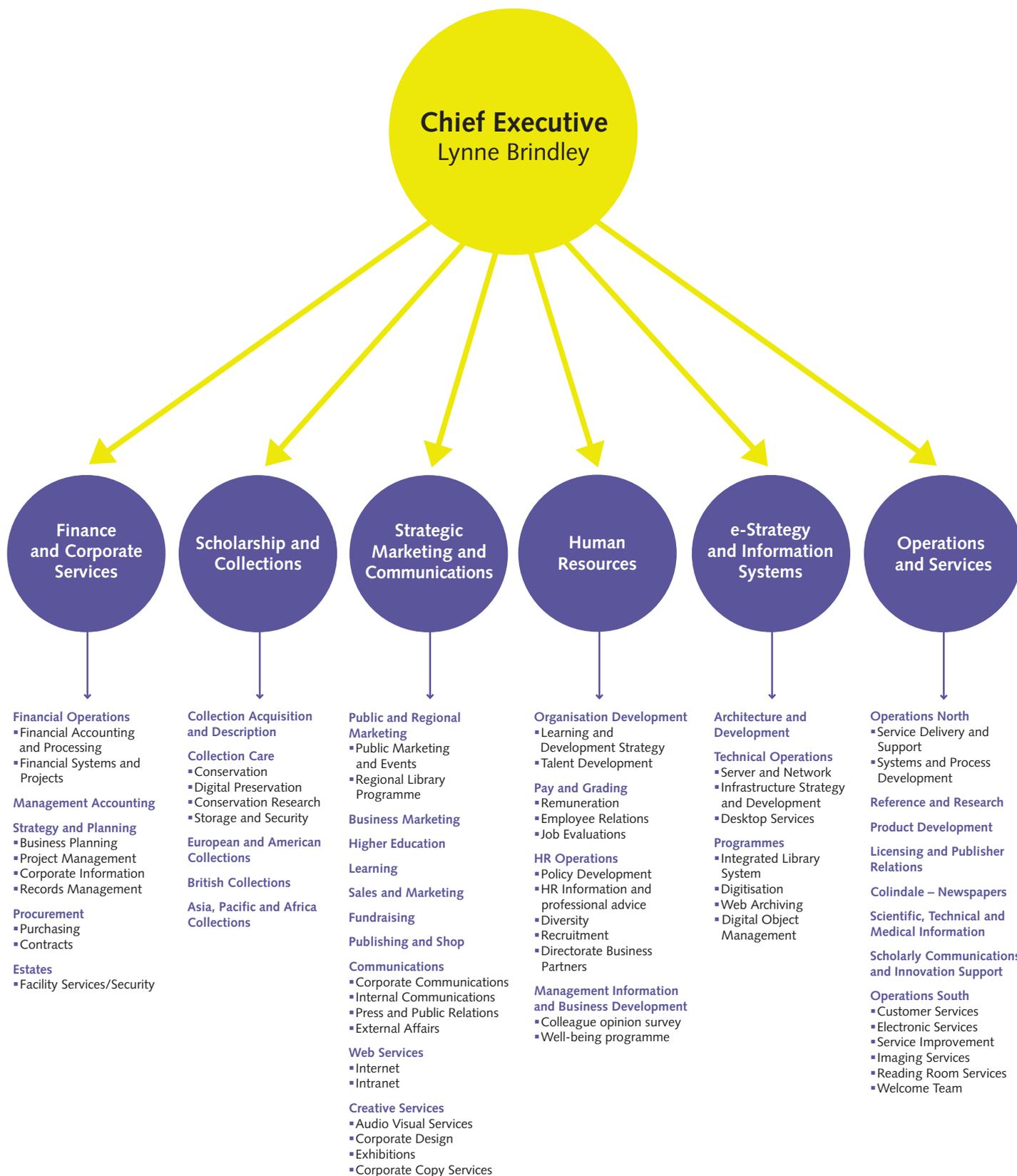
	2005/06	2004/05
Frames		
Preservation microfilming: detailed breakdown		
Newspapers ⁵	16,096,701	13,111,801
Books, periodicals, record volumes, manuscripts	1,582,197	1,633,124
Total	17,678,898	14,744,925

Preservation microfilming: detailed breakdown

⁵ The preservation of newspapers has been given a higher priority and additional funding in 2005/06.

Governance and leadership

Structure



Governance and leadership

Executive Team led by the Chief Executive, Lynne Brindley



1 Steve Morris

DIRECTOR, FINANCE AND CORPORATE SERVICES

Construction work on the Library's Centre for Conservation at St Pancras is almost complete, while work on the world's largest book repository, 260 km of low-oxygen automated storage at Boston Spa, has just begun. The Estates teams will support those projects through to fitting out and occupation. The Finance teams are strengthening the Library's business and financial planning mechanisms to ensure that the Library is able to deliver its priority programmes within a balanced budget year on year. We're working across the Directorates on an agreed and rigorous programme of efficiencies which will be delivering £13.2 million savings over the year.

2 Dr Clive Field

DIRECTOR, SCHOLARSHIP AND COLLECTIONS

In the coming year my teams will complete a number of very significant programmes, including the JISC-funded archival sound and newspaper digitisation, the UK Web Archiving Consortium pilot project, and the creation of a new online catalogue of the Library's archive and manuscript collections. We will work on the transfer from North America to the Library of the English Short Title Catalogue (the international database of pre-1801 books in English) which we intend to make freely available over the web. We will be building a new social sciences team. We will also be finalising and implementing the Library's Content Strategy, following an extensive stakeholder consultation process. This will define what we collect in future, and how we connect with other holders of research content. Our aim is to ensure that the international record of research is accessible to the UK research base.

3 Jill Finney

DIRECTOR, STRATEGIC MARKETING AND COMMUNICATIONS

The launch of the Business & IP Centre, on time and to budget, was a major milestone for us during the year. The Centre is a clear indication of how we are making our services relevant to new audiences and fulfils our top strategic priority – to enrich the user's experience. We're adding value for a new generation of innovators and creatives, welcoming local businesses and ideas people from diverse backgrounds with our new role model events. The Web Services team, which has had an excellent year delivering service improvements and adding stunning content to www.bl.uk, will be implementing an innovative approach to navigating our most important web resources using a federated search. Visitors will be able to pull together content from across our websites and from deep in our catalogues and databases in a single sweep.

4 Mary Canavan

DIRECTOR, HUMAN RESOURCES

A successful HR programme is key to the delivery of the Library's strategy and the development of the organisation. My teams will continue to strengthen their working partnerships with each Directorate and further improve our business focus. We're taking forward our diversity programme to broaden our workforce and increase engagement both within the Library and with the wider community. Our Talent Development and Succession Planning framework will enable the Library to address potential skills gaps and attract and retain talent. Implementation of a modernised pay and reward strategy will continue to enhance the Library's employment model.

5 Richard Boulderstone

DIRECTOR, E-STRATEGY AND INFORMATION SYSTEMS

Development of the digital library continues to be a top priority. In 2006/07 we will be focusing on enhancing the functionality of the digital library to provide storage, preservation and long-term access to Britain's digital output. The prime focus will be on e-journals, because of their critical importance in the recording and transmission of UK research. We will continue to work closely with other major research libraries, research and expert communities, as well as commercial organisations, to ensure we create the level of interoperability that is needed by the research communities.

6 William Burton

INTERIM DIRECTOR, OPERATIONS AND SERVICES

The Directorate is responsible for delivery to our users in the Reading Rooms and via Document Supply. This gives us all a critical role in furthering our top strategic priority – enriching the user's experience. The challenges will be to continue to ensure excellent service delivery and to support greater efficiency of processes wherever possible, increasingly supported by better use of technology. We will be welcoming the Collection Acquisition and Description teams into the Directorate early in 2006/07, and will be working to integrate the new processes swiftly and effectively into our existing set-up.

Governance and leadership continued

The British Library Board – Operation and Membership

The British Library Act 1972 places the British Library 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 Act also requires the Board to make the Library's services available to the public and in particular to institutions of education and learning, other libraries and industry.

The Chairman and members of the Board are all appointed by the Secretary of State for Culture, Media and Sport, with the exception of one member who is appointed by HM The Queen. One member of the Board is appointed after consultation with Scottish Ministers. All Ministerial appointments to the British Library Board are subject to the Code of Practice of the Commissioner for Public Appointments. Members are normally appointed for four-year terms and appointments are restricted to two terms. Members conform to a Code of Practice for Members of the British Library Board derived from the Cabinet Office model Code. The Board Secretary ensures that new Board members receive appropriate induction training upon appointment. New members attend the National School of Government training for Board Members of Non-Departmental Public Bodies and also an extensive modular induction programme covering all aspects of the Library's operations. Board members also receive regular updates on changes and developments in the Library and its operating environment.

There is a clear division of responsibility between the Chairman and the Chief Executive. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role. He facilitates both the contribution of the Board members and constructive relations between the Board and the Executive. He represents the Library to its external stakeholders at the highest levels. The Chief Executive has responsibility for the overall organisation, management and staffing of the Library, for the formulation of strategy and for the successful delivery of results. As Accounting Officer she is responsible for its procedures and controls in financial and other matters.

Members of the Board have corporate responsibility for ensuring that the British Library complies with any statutory or administrative requirements for the use of public funds and ensuring that high standards of corporate governance are observed at all times. The Board establishes the overall strategic direction of the organisation. It approves the Library's annual Corporate Business Plan and its Annual Budget. It also oversees the delivery of planned results by monitoring performance against agreed strategic objectives and targets.

The Board meets six times during the year, and one of those meetings each year is substantially devoted to the development of strategy. Library Directors are normally present during Board meetings. Board members are provided with appropriate and timely information to enable them to discharge their duties effectively. Board papers are distributed one week in advance of the relevant meeting to allow members fully to prepare for meetings.

The Board has delegated certain responsibilities to a number of committees. The standing committees of the Board are: the Board Audit Committee; the Remuneration Committee and, since May 2005, the Capital Projects Committee. The minutes of the meetings of the Board Audit Committee and the Capital Projects Committee Board are made available to all the Members of the Board on a timely basis. The terms of reference for the Board Committees are available on our website at www.bl.uk/about/policies/pdf/subcs0601.pdf

A register of interests of members of the Board is maintained. On specific issues where there may be a potential conflict of interest, members are required to declare their interest and withdraw from the meeting. The register will be made available for inspection on application to the Secretary to the Board who can also provide copies on request.

CHAIRMAN

The Rt Hon Lord Eatwell of Stratton St Margaret MA PhD. [Lord Eatwell's term of appointment expires on 31 August 2006].

MEMBERS

Sir Henry Boyd-Carpenter KCVO MA (Deputy Chairman) (formerly Senior Partner, Farrer and Co.) was appointed to the Board by HM The Queen. He chairs the Board Audit Committee and acts as a confidential avenue for staff who may wish to raise issues of concern about impropriety. [Sir Henry's second, four-year, term expires on 29 September 2006].

Lynne Brindley MA FCILIP FRSA (Chief Executive, The British Library)

Robin S Broadhurst CBE FRICS (formerly European Chairman of Jones Lang LaSalle) brings to the Board his high level of expertise in the area of property development and estates management. [Mr Broadhurst's first, four-year term of appointment expires on 31 December 2007].

Professor Robert G Burgess PhD AcSS (Vice Chancellor, University of Leicester) was appointed to the British Library Board for his knowledge and experience of higher education and university affairs and his academic background in the social sciences. [Professor Burgess's first, four-year term of appointment expires on 19 December 2006].

Sheila Forbes CBE (Non-Executive Director of Tribal Group plc and OCS Group Ltd) contributes to the work of the Board on the basis of her experience in the area of human resources and the management of culture change. She chairs the Remuneration Committee. [Ms Forbes' first, four-year term of appointment expires on 19 January 2007].

Duncan Lewis MA (Senior Advisor, Telecommunications, Media and Technology, The Carlyle Group) was appointed to the Board for his experience in the information and communications technology field. [Mr Lewis's first, four-year term of appointment expires on 25 June 2006].

Sir Colin Lucas D.Phil FRHistS (Warden of Rhodes House, and formerly Vice-Chancellor, University of Oxford) is a senior humanities academic who contributes to the Board his experience of leadership and management in a university environment. [Sir Colin's first, four-year term of appointment expires on 31 January 2008].

Eileen Mackay CB FRSE (Formerly Non-Executive Director of The Royal Bank of Scotland Group and previously Principal Finance Officer at the Scottish Office) brings to the Board her financial and public administration experience. She was appointed after consultation with Scottish Ministers. She chairs the Capital Projects Committee. [Ms Mackay's first, four-year term of appointment expires on 16 July 2007].

Simon Olswang BA Econ, Solicitor, Attorney at Law (California) (formerly Chairman, Olswang) brings to the Board his legal/commercial expertise in the field of intellectual property rights (IPR). [Mr Olswang's second, four-year, term of appointment expires on 31 March 2008].

Dr Gareth W Roberts BSc PhD MBA FRSA (CEO NovaThera Ltd, Director, NovaThera Asia Ltd, Director, IsoHelix Ltd and Partner, Opine Consultancy) was appointed for his background and experience in the UK biotechnology industry, one of the key R&D-based sectors served by the Library. [Dr Roberts' first, four-year term of appointment expires on 31 December 2007].

SECRETARY TO THE BOARD

Andrew Stephens BSc (Hons)
Head, Corporate Secretariat.

British Library Board Audit Committee

The Board Audit Committee comprises at least three non-executive members of the Board, one of whom acts as Chair of the Committee. The current members are:

Sir Henry Boyd-Carpenter KCVO (Chair)
Eileen Mackay
Gareth Roberts

The Board Audit Committee has written terms of reference that are available on our website and it meets at least three times a year to review the internal audit plan, progress against that plan and the summary findings of the internal and external auditors. During 2005/06 the Board Audit Committee met four times to discharge its responsibilities. The Committee's purview extends to all the operations within the British Library, including the preparation of the Library's financial accounts and its systems of internal control and risk assessment and management.

By invitation, the Chief Executive and the Director of Finance and Corporate Services attend the meetings together with, when appropriate, other executive directors and further executives of the Library. The Board Audit Committee also meets the Internal Auditors and the External Auditors without members of the Executive present.

Remuneration Committee

The Remuneration Committee comprises at least three non-executive members of the Board, one of whom acts as Chair of the Committee. The current members are:

Sheila Forbes (Chair)
Professor Bob Burgess
Lord Eatwell
Duncan Lewis

The Remuneration Committee has as its main task consideration annually of the performance of the Chief Executive, the Executive Team and certain other senior staff and determination of their remuneration levels. The Remuneration Committee has written terms of reference; these and further details of the work of the Committee are given in the Remuneration Report on page 42.

Capital Projects Committee

At its meeting in May 2005 the Board agreed to establish a limited-life Capital Projects Committee. The Committee has written terms of reference that are available on our website. The Committee comprises at least two non-executive members of the Board, one of whom acts as Chair of the Committee, and the Chief Executive. During the year, Robin Broadhurst stood down from the Committee. The current members are:

Eileen Mackay (Chair)
Lynne Brindley
Duncan Lewis

The role of the Capital Projects Committee is to assist the Board to satisfy itself as to the adequacy and effectiveness of the arrangements for project management of the Library's two current multi-million pound capital construction projects, namely, the British Library Centre for Conservation project and the Additional Storage Programme. During 2005/06 the Committee met four times to discharge its responsibilities.

Grants and donations

The British Library would like to thank all those who have given their support, including:

The AG Leventis Foundation,
for the *Codex Sinaiticus* Project

Mohammed Abdul Latif Jameel,
for the *Three Faiths* exhibition

The American Friends of
Saint Catherine's Monastery,
for the *Codex Sinaiticus* Project

The American Trust for the British Library,
for the Centre for Conservation, the
David and Mary Eccles Centre for American
Studies, internships in Art History, and for
retrospective catalogue conversion for the
Asian language collections

The Andrew W Mellon Foundation,
for conservation research and for collaborative
projects with the New York Public Library

The Arts and Humanities Research Council,
for the *Codex Sinaiticus* Project

William and Judith Bollinger,
for the *Three Faiths* exhibition

The Cadogan Charity,
for the *London in Maps* exhibition

The Chandris Foundation,
for the *Codex Sinaiticus* Project

Culture Online (Department for
Culture, Media and Sport),
for the Sound Portal project

Mr and Mrs James Dalton,
for the acquisition of
My Ladye Nevells Booke

The late Mirella De Sanctis,
for Italian acquisitions

The Department for Education and Skills,
for the Online Sound Resources for
Schools project

Deutsche Forschungsgemeinschaft,
for the *Codex Sinaiticus* Project

Simon Draper,
for the *Pause on the Landing* tapestry

The late Mary, Viscountess Eccles,
for the David and Mary Eccles Centre
for American Studies

The Englefield Charitable Trust,
for Blake's Notebook on Turning the Pages

The Ernest Cook Trust,
for sound archiving and book conservation
training bursaries

The Fidelity UK Foundation,
for the Centre for Conservation

The Folio Society Ltd,
for The Folio Society Gallery

The Ford Foundation,
for the International Dunhuang Project

The Friends of the British Library,
for the Centre for Conservation and for
the acquisitions of *My Ladye Nevells
Booke*, the Coleridge Family Archive,
and *Introduccion for to lerne to reckyn
with the pen, & with the counters*

The Friends of the National Libraries,
for the acquisitions of *My Ladye Nevells
Booke*, the Coleridge Family Archive,
and *Introduccion for to lerne to reckyn
with the pen, & with the counters*

The Garfield Weston Foundation,
for the Centre for Conservation

The Golsoncott Foundation,
for the acquisition of
My Ladye Nevells Booke

The Heritage Lottery Fund,
for the Centre for Conservation

The Jerwood Charitable Foundation,
for the Jerwood Photography Project

The Leverhulme Trust,
for the International Dunhuang Project

The Lynn Foundation,
for Live Music in the Piazza

The National Art Collections Fund,
for the acquisition of
My Ladye Nevells Booke

The National Heritage Memorial Fund,
for the acquisition of
My Ladye Nevells Booke

The Newspaper Publishers Association,
for the *Front Page* exhibition

The Nicholas Bacon Charitable Trust,
for Turning the Pages

The Paccar Foundation,
for the Centre for Conservation

Pearson plc,
for the Pearson Creative Research Fellowship

The Pidem Fund,
for the International Dunhuang Project

Sir John Ritblat and the Ritblat Family,
for the Sir John Ritblat Gallery: Treasures
of the British Library

The late Germaine Louise Spratt,
for French acquisitions

The Stavros S Niarchos Foundation,
for the *Codex Sinaiticus* project

Nicholas and Lavinia Wallop,
for *Alice's Adventures Under Ground*
on Turning the Pages

The late Linda D Warden,
for the Library's greatest need

Dr Bill Zachs,
for cataloguing of the Oscar Wilde collection

Plus all those who have given
anonymously, provided gifts-in-kind
and made legacy pledges.
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Nigel and Joanna Newton
Michael Palin
Jonathan Potter
Jayne, Lady Rayne
Dr and Mrs Mortimer Sackler
Roberta Arenson
Henri Schiller
Rt Hon Lord Young of Graffham
Dr Bill Zachs

and others who wish to
remain anonymous

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Bernard Sunley Charitable Foundation
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David Whitaker
Wimbledon School of Art
Worshipful Company of Fruiterers
Wyfold Foundation
Yale Center for British Art
Rt Hon Lord Young of Graffham

Annual Accounts 2005/06

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Trustees Annual Report 2005/06

Financial Overview

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 has exempt charitable status.

OBJECTIVES

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

BOARD MEMBERSHIP

Details of Board members who served between 1 April 2005 and 31 March 2006 are as published on pages 34 to 35.

ACCOUNTING CONVENTIONS

The basis on which the Accounts have been prepared is stated on page 54 at note 1a.

FINANCIAL RESULTS

The accounts provide a Statement of the Financial Activities (SOFA) of the Board during the year ended 31 March 2006. In accordance with Section 5(1) of the Act, as amended by Statutory Instrument 1986 No. 600, the Secretary of State paid to the Board such sums as were necessary to defray expenses incurred with her approval, so far as those expenses 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 to take account of the Statement of Recommended Practice (SORP) 2005 *Accounting for Charities*. A Statement of Financial Activities for the year is set out on page 51. This shows all resources made available to the British Library Board and all expenditure incurred by it and reconciles all changes in its funds.

The British Library's income for 2005/06 was £136.9m, of which £97.6m (71%) was grant in aid from the Department for Culture, Media and Sport. £88.5m of this was operational grant in aid, with the balance of £9.1m for capital programmes. The Department continues to hold £4.4m of funding which is to be applied to the design and construction of a Centre for Conservation to the north of the St Pancras building.

Trustees Annual Report 2005/06

Financial Overview continued

Income from trading activities was £24.3m (£24.5m 2004/05) with a further £2.6m non-trading income resulting from a Section 33A VAT adjustment following a successful appeal. Document Supply activity, the Library's principal source of commercial revenue, continued to decline, but efforts to stimulate additional trading generated a further £1m in one-off digitisation projects. Sustained operational restructuring and cost reduction measures ensured that contribution from these activities was maintained.

Net expenditure on support activities fell to £39.8m in 2005/06 from £41.7m in 2004/05 as the Library continued its restructuring programmes in line with the recommendations of the Gershon review into public sector efficiencies. Resources were reorganised to further expand the use of Secure Electronic Delivery service (SED), enabling researchers to receive copies of documents electronically at their desktops, and web usage continued to develop following the introduction of British Library Direct online ordering system and the major success of *Alice's Adventures Under Ground* and Mozart on Turning the Pages. Reading Room usage also showed growth on previous years and steps were taken to increase efficiency to handle the extra demand.

Revenue expenditure on acquisitions for the collections was £14.4m (£13.9m 2004/05), and Capital expenditure £1.4m (£1.97m 2004/05).

There was a net increase in the movement of funds after revaluation in the year of £37.5m. This was an increase of £29.7m on the unrestricted funds and an increase of £7.8m on the restricted funds. The excess of income over expenditure of £16.2m, before St Pancras depreciation, notional costs and transfers between funds, was principally a consequence of the fixed assets purchased during the year of £9.1m.

RESERVES

The Library's policy on reserves is disclosed on page 54 at note 1k.

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 2006, 89% of invoices were paid within 30 days (2004/05: 90%). Compliance in this matter is in accordance with the Better Payment Practice Code.

BANKERS, AUDITORS, SOLICITORS AND INVESTMENT MANAGERS

The following organisations were the Library's principal suppliers of professional financial, legal and investment services during 2005/06:

Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Treasury Solicitor
1 Kemble Street
London
WC2B 4TS

National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

J. P. Morgan Private Bank Limited
15th Floor
125 London Wall
London
EC2Y 5AJ

INVESTMENTS

J.P. Morgan (formerly Fleming Private Asset Management) was appointed as the Trust fund investment manager in 1991 to pursue the best total return compatible with acceptable risk. The yield on the portfolios was required not to fall below 5%. Average yield in 2005/06 was 5.6%.

EQUAL OPPORTUNITIES

The British Library Board is an equal opportunities employer and is committed to promoting diversity. A full time Diversity Manager is now in post. The Library's policy for training, career development and promotion are in line with its equal opportunities policy and, in this regard, disabled employees are treated the same as all other staff with respect to their aptitudes and abilities. The Library aims to develop an adaptable, well motivated and well trained staff, possessing a complex blend of knowledge and skills in managerial, technical, scholarly and specialist disciplines.

There are 38 employees who have notified the British Library that they are disabled. However, this figure is likely to be lower than the true figure as a number of employees may well satisfy the legal definition of disabled within the DDA, without knowing or without wishing to disclose this information.

COMMUNICATIONS WITH EMPLOYEES

The Library is committed to developing effective communications between all employees in order to keep them informed, motivated and able to support the Library's users. Main communications channels include a staff newsletter, team briefing system and employee intranet.

KEY OBJECTIVES

Details of the Library's strategic priorities can be found on pages 24 to 27.

RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed in note 25 on page 67.

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

A Statement of Internal Control is included on pages 44 to 47 and the Library has achieved full compliance in this respect, as at March 2006.

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



LORD EATWELL
CHAIRMAN
29 JUNE 2006



LYNNE BRINDLEY
ACCOUNTING OFFICER
29 JUNE 2006

Remuneration Report

Remuneration policy

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

1

The Remuneration Committee is a main committee of the Board without executive powers, comprising three non-executive Board members and chaired by an independent non-executive Board member. The Committee reports to the Board.

2

Members of the Committee are appointed by the Board.

3

The Director of Human Resources acts as Secretary to the Committee.

4

At the request of the Chairman of the Committee, the Chief Executive and other Executives of the Library may be in attendance at meetings of the Committee, or for selected agenda items. No Executive of the Library will be in attendance or play any part in discussions and decisions about their own remuneration.

5

The Committee is able to obtain external professional advice and, if necessary, to invite external advisors to its meetings.

6

The Committee normally meets twice a year.

7

The quorum necessary for the transaction of business shall be two.

8

Minutes of Committee meetings will be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

9

The Committee fulfils the following responsibilities:

- (i) to keep under continuous review the terms and conditions of the Chief Executive
- (ii) to undertake an annual review of the Chief Executive's salary and performance bonus and make recommendations to the Board
- (iii) to consider the recommendations of the Chief Executive in relation to the annual review of the salary and performance

bonuses of the Executive Team and similarly for any other equivalent paid senior staff

- (iv) to represent the Board in relation to considerations relating to the terms and conditions of all other Library employees
- (v) to carry out any other review, and make any other recommendations, which in its opinion, or at the request of the Chief Executive, it believes to be relevant to the Board's statutory responsibilities in relation to the terms and conditions of the Library's employees.

10

The Committee will, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11

The current members of the Remuneration Committee are:

Sheila Forbes (Chair)
Lord Eatwell
Professor Bob Burgess
Duncan Lewis
In attendance: Mary Canavan (Secretary)
Director of Human Resources.

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

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

The Remuneration Committee is informed in its decisions by external benchmarking and through the Library's performance management process. The Chief Executive and members of the Executive Team are eligible for contractual non-consolidated annual bonus payments; in the case of the Chief Executive this is up to 25% of basic salary with up to 3% available for consolidation for pension purposes. Members of the Executive Team are eligible for non-consolidated annual bonuses of up to 10% of basic salary and in addition are eligible for a share of an annual team bonus of up to 5% of basic salary based on the achievement of set objectives.

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

Service contracts

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

The Library's senior managers covered by this report hold appointments which are open ended until they reach the normal retiring age, which is currently 60. The Chief Executive has a six month notice period, other senior managers have a three month notice period. All are members of the Principal Civil Service Pension Scheme and as such early termination of their contract would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Salary and pension entitlements

During the year a third party has been paid for the services of a senior manager, the Interim Director of Operations and Services, the amount paid to the third party for the period 1 October 2005 to 31 March 2006 totalled £146,652.

For information on pension entitlements of and the salary paid during the year to the Chairman and Executive Team please see note 6(i) (page 58) in the Annual Accounts.



LORD EATWELL
CHAIRMAN
29 JUNE 2006



LYNNE BRINDLEY
ACCOUNTING OFFICER
29 JUNE 2006

Statement of 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 Chairman 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 Chairman 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 Government Accounting 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*.



LORD EATWELL
CHAIRMAN
29 JUNE 2006



LYNNE BRINDLEY
ACCOUNTING OFFICER
29 JUNE 2006

Statement on the system of internal control 2005/06

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 we are personally responsible are safeguarded in accordance with the responsibilities assigned to us in Government Accounting; and ensuring compliance with the requirements of the British Library's Management Statement and Financial Memorandum.

2 THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of British Library policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the British Library for the year ended 31 March 2006 and up to the date of approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

3 CAPACITY TO HANDLE RISK

The Library's risk management process underwent a major review during the year with the aim of further developing the approach to strategic risks and horizon scanning. Using external consultants and engaging new staff with experience of risk management, the Library has been able to combine a strategic level approach with a number of practical improvements. The Executive Team have undertaken a 'Strategic Risks' workshop to identify the high level organisation-wide risks, together with a structured self-assessment based on HM Treasury's Risk Assessment guide. Drawing on a range of external models a categorisation and high level summary of risks has been developed to demonstrate the Library's risk profile.

A Major Incident Plan exercise was carried out at St Pancras to test the capability of the Major Incident Team to respond to a significant event which could have an impact on the site.

The Pandemic Flu Action Team was formed in March 2006 to identify likely impacts on the Library and consider immediate measures which could be taken as well as future actions. This cross-directorate group will continue to meet regularly throughout the year.

The Corporate Programme Office undertook a number of project health-checks and Gateway Reviews during 2005/06 to identify project risks and make improvements to correct them. Lessons were provided to help all key British Library projects contain risk effectively. Three specific projects, *Three Faiths*, Additional Storage Programme and the Centre for Conservation were identified as having applied appropriate elements of best practice to manage their risks.

The restructuring of Financial Operations during 2005/06 continued the measures which the Library has put in place to meet the strategic objectives set out in the business plan. A core element of this was the streamlining of processes and working towards increased efficiencies wherever possible. An internal audit of Oracle Ledger and Financial Systems will be undertaken in quarter one of the 2006/07 programme to ensure that internal financial controls continue to be robust following the staff restructure.

At its meeting in May 2005 the Board agreed to establish a Capital Projects Committee. The role of the Capital Projects Committee is to assist the Board to satisfy itself as to the adequacy and effectiveness of the arrangements for project management of the Library's two current multi-million pound capital construction projects, namely, the British Library Centre for Conservation project and the Additional Storage Programme.

Following a reappraisal, the Library's Collection Security Steering Group was re-established with revised terms of reference and the Director of Human Resources was appointed as its Chair in order to provide independent and senior leadership to the Group. A Collection Security Operational Group was also established. Good progress was achieved during the year in implementing the Collection Security Action Plan and further resources were allocated for 2006/07. A key element will be the development of an intellectual framework to rationalise and systemise our approach to managing the risks surrounding the Library's collection security, thus to inform the development and promulgation of policy. This Framework is to incorporate categories of collections, volume, value, risk assessment (maintain/accept, reduce/mitigate, exit/eliminate), preventative security measures versus reactive (management) security measures (evidential), audit frequency, escalation protocols, etc.

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

4 THE RISK AND CONTROL FRAMEWORK

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

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

Risks are managed in accordance with an agreed approach decided for each risk ranging from terminating the risk, through possible reduction measures, acceptance and monitoring or passing the risk on.

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

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

Management of risk will be further embedded at all levels of the organisation and supported by an active training and education programme.

Risks are reviewed:

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

Statement on the system of internal control 2005/06 continued

5 REVIEW OF EFFECTIVENESS

In line with the responsibilities set out above, the Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control, and is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and reports. 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, the Board Audit Committee, and the Risk Group (see below), and plans to address weaknesses and ensure continuous improvement systems are put in place as necessary.

Additional assurance is gained from:

INTERNAL AUDIT

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

EXTERNAL AUDIT

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

BOARD

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

BOARD AUDIT COMMITTEE (BAC)

The Board Audit Committee advises the Board on:

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

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

- Sir Henry Boyd-Carpenter KCVO (Chair)
- Eileen Mackay CB
- Gareth Roberts

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

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

EXECUTIVE TEAM

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

RISK GROUP

This group comprises the Compliance Officer, the Head of Estates Risk, the IT Security Officer and the Directorate Finance Managers. It is responsible for the maintenance and management of the risk register and for ensuring that changes are reflected on a timely basis when necessary. The group is also responsible for providing advice and organising training for managers on risk management issues.

MANAGERS

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



LORD EATWELL
CHAIRMAN
29 JUNE 2006

LYNNE BRINDLEY
ACCOUNTING OFFICER
29 JUNE 2006

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 2006 under the British Library Act 1972. These comprise the Summary Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, 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.

Respective responsibilities of the Board, the Chief Executive and auditor

The Board and the Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report and the financial statements in accordance with the British Library Act 1972 and directions made thereunder by the Secretary of State for the Department of Culture, Media and Sport with the approval of the Treasury and for ensuring the regularity of financial transactions funded by Parliamentary grant (grant in aid). These responsibilities are set out in the Statement of Board and Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the British Library Act 1972 and directions made thereunder by the Secretary of State for the Department of Culture, Media and Sport with the approval of the Treasury. I also report whether in all material respects the expenditure, income and resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the British Library has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 44 to 47 reflects the British Library's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Board and Accounting Officer's Statement on Internal Control cover all risks and controls, or form an opinion on the effectiveness of the British Library's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure, income and resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the British Library Act 1972 and directions made thereunder by the Secretary of State for the Department of Culture, Media and Sport with the approval of the Treasury, of the state of the British Library's affairs as at 31 March 2006 and of the 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 directions made thereunder by the Secretary of State for the Department of Culture, Media and Sport with the approval of the Treasury; and
- in all material respects the expenditure, income and resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



JOHN BOURN
COMPTROLLER AND
AUDITOR GENERAL
12 JULY 2006

NATIONAL AUDIT OFFICE
157-197 BUCKINGHAM PALACE ROAD
VICTORIA
LONDON SW1W 9SP

Summary income and expenditure account

FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2005/06 £000	2004/05 Restated £000
Total income from continuing operations		136,906	121,006
Operating expenditure		120,750	115,630
Operating surplus before St Pancras depreciation, notional costs and realised gains/losses		16,156	5,376
Depreciation on St Pancras assets (full year)	7	(14,902)	(9,548)
Realised gain from fixed asset investments		337	440
Notional Cost of Capital	8	(18,437)	(17,205)
Operating deficit on ordinary activities		(16,846)	(20,937)
Reversal of notional Cost of Capital		18,437	17,205
Retained surplus/(deficit) for the year		1,591	(3,732)

All of the British Library's activities are derived from continuing operations.

Statement of total recognised gains and losses

FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2005/06 £000	2004/05 £000
Retained surplus/(deficit) for the year		1,591	(3,732)
Current cost adjustment	11	35,119	4,295
Revaluation		–	35,357
Unrealised gain	13	764	360
Total recognised gains for the year		37,474	36,280

The notes on pages 54 to 67 form part of these accounts.

Statement of financial activities

FOR THE YEAR ENDED 31 MARCH 2006

	Notes	Unrestricted funds	Restricted funds	Total 2005/06	2004/05 Restated
		£000	£000	£000	£000
Incoming resources					
Incoming Resources from generated funds					
Voluntary Income	2	237	10,426	10,663	6,399
Investment Income	4	900	870	1,770	1,586
Incoming Resources from Charitable Activities					
Trade Income	3	23,915	394	24,309	24,520
Other Incoming Resources					
Grant in aid	5	97,562	–	97,562	88,501
Other Income		2,602	–	2,602	
Total incoming resources		125,216	11,690	136,906	121,006
Resources Expended					
Costs of Generating Funds					
Costs of generating voluntary income		552	–	552	564
Investment Management costs		–	30	30	40
Charitable Activities:					
Collection Management		30,412	738	31,150	29,747
Collection Development		28,359	3	28,362	26,977
Access to Collection		39,437	26	39,463	37,288
Wider Public Access		6,176	2,515	8,691	9,361
Bibliographic Services		2,401	19	2,420	2,246
Reference/Information Services		5,100	94	5,194	4,868
Leadership, Partnership and Co-operation		2,964	1,265	4,229	3,631
Governance Costs		659	–	659	908
Total resources expended	6	116,060	4,690	120,750	115,630
Net increase in resources before St Pancras depreciation, notional costs and transfers					
		9,156	7,000	16,156	5,376
Depreciation on St Pancras assets	7	(14,902)	–	(14,902)	(9,548)
Notional cost of capital	8	(18,437)	–	(18,437)	(17,205)
Transfer between funds	19	330	(330)	–	–
Net (outgoing)/incoming resources after St Pancras depreciation, notional costs and transfers					
		(23,853)	6,670	(17,183)	(21,377)
Reversal of notional cost of capital		18,437	–	18,437	17,205
Net (outgoing)/incoming resources before recognised gains and losses	9	(5,416)	6,670	1,254	(4,172)
Other Recognised gains					
Realised gain from fixed asset investments		–	337	337	440
Unrealised gain	13	–	764	764	360
Revaluation		–	–	–	35,357
Current cost adjustment	11	35,119	–	35,119	4,295
Net movement in funds after revaluation		29,703	7,771	37,474	36,280
Reconciliation of Funds					
Fund balances brought forward at 1 April		497,784	16,496	514,280	478,000
Fund balances carried forward at 31 March		527,487	24,267	551,754	514,280

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 54 to 67 form part of these accounts.

Balance sheet

AS AT 31 MARCH 2006

	Notes	2005/06 £000	2004/05 Restated £000
Fixed assets			
Intangible assets	10	105	475
Tangible assets	11	514,854	487,379
Heritage assets	12	7,085	5,554
Investments	13	9,297	6,561
		531,341	499,969
Current assets			
Stocks	15	976	879
Debtors and prepayments	16	10,052	5,831
Short-term deposits		10	8
Cash at bank and in hand	17	33,978	24,704
		45,016	31,422
Current liabilities			
Creditors: amounts falling due within one year	18	(20,364)	(14,700)
Net current assets		24,652	16,722
Total assets less current liabilities		555,993	516,691
Provision for liabilities and charges	20	(4,239)	(2,411)
Net assets		551,754	514,280
Represented by:			
Income funds			
Restricted funds	19	24,267	16,496
Unrestricted funds:			
General funds	19	527,487	497,784
Total funds		551,754	514,280

The notes on pages 54 to 67 form part of these accounts.

The financial statements on pages 50 to 53 were approved by the Board/Trustees on 22 June 2006, and were signed on their behalf by:



LORD EATWELL
CHAIRMAN
29 JUNE 2006



LYNNE BRINDLEY
ACCOUNTING OFFICER
29 JUNE 2006

Cash flow statement

FOR THE YEAR ENDED 31 MARCH 2006

	2005/06	2004/05
£000	£000	£000
Reconciliation of net movement in funds to net cash inflow from operating activities		
Net movement in funds inflow	37,474	36,280
Depreciation	17,120	12,439
Loss on asset disposals	–	38
Realised (gain) on investments	(337)	(440)
Unrealised (gain) on investments	(764)	(360)
MHCA adjustment net	(35,119)	(4,295)
Revaluation of Property	–	(35,357)
Provision for liabilities and charges	1,827	717
(Increase)/decrease in stocks	(97)	160
(Increase)/decrease in debtors	(4,221)	4,544
Increase in creditors	5,663	61
Net cash inflow from operating activities	21,546	13,787
Capital expenditure and financial investment		
Purchase of intangible fixed assets	–	(49)
Purchase of tangible fixed assets	(10,463)	(8,484)
Purchase of investments	(5,265)	(4,757)
Assets in Lieu of Tax	(175)	–
Donation of investments	–	(1,580)
Receipts from sale of tangible fixed assets	3	3
Receipts from sales of investments	3,630	4,656
Net cash outflow from capital expenditure	(12,270)	(10,211)
Increase in cash in the year	9,276	3,576
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	9,276	3,576
Net funds as at 1 April	24,712	21,136
Net funds as at 31 March	33,988	24,712

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

Notes to the Accounts

1 Accounting policies

A) ACCOUNTING CONVENTION

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

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

Comparative figures in the financial statements and relevant notes have been restated to take account of the revised disclosure requirements of SORP 2005.

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

B) INCOMING RESOURCES

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

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

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

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

C) TAXATION

The British Library has no sources of income liable to corporation tax and no provision has therefore been made.

D) VALUATIONS

In line with Government Accounting, regular professional valuations of land and property are required to be 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. Such a valuation was undertaken as at 31 March 2005 for St Pancras, with the other two freehold properties having been revalued as at 31 March 2004.

E) FIXED ASSETS

The threshold for capitalising assets is £10,000.

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

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

Freehold buildings

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

Leasehold buildings

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

Plant and machinery, office and computer equipment

3 to 20 years

Motor vehicles

4 years

Assets in the Course of Construction

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

Intangible/Licences

3 to 10 years

F) GOVERNMENT GRANT

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

G) STOCKS

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

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

H) FOREIGN CURRENCIES

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

I) OPERATING LEASES

Costs relating to operating leases are charged to the income and expenditure account over the life of the lease.

J) FUND ACCOUNTING

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

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

K) RESERVES

The Library does not hold accumulated surpluses in the form of reserves. Grant in aid funding is provided on an annual basis and is drawn down according to forecasted spending patterns.

Any funds arising from an excess of income over expenditure are fully earmarked in the purchase of fixed assets or are fully earmarked to meet commitments in future years.

L) NOTIONAL COSTS

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

2 Donations

	2005/06 £000	2004/05 £000
Bequest to the Eccles fund	3,506	1,580
Grants received from 'New Opportunities Fund'	–	1,269
Other donations	7,157	3,550
Total donations	10,663	6,399

3 Trading income

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

A) CLASSES OF BUSINESS

	2005/06 £000	2004/05 £000
Access to Collection	16,501	16,885
Wider Public Access	3,241	3,199
Reference/Information Services	290	270
Bibliographic Services	2,333	2,300
Other	1,944	1,866
	24,309	24,520

B) GEOGRAPHICAL SEGMENTS

	2005/06 £000	2004/05 £000
United Kingdom	14,225	14,888
Overseas	10,084	9,632
	24,309	24,520

4 Investment income

	2005/06 £000	2004/05 £000
Interest receivable	1,536	1,404
Dividends receivable	234	182
Total interest	1,770	1,586

Notes to the accounts continued

5 Other incoming resources

Grant in aid

Total Grant in aid drawn down by the British Library Board was £97.6m, with £9.1m being allocated for capital projects/improvements (£88.5m received in 2004/05, £7.1m re capital), this included £3.4m for restructuring programmes. This money is available for running costs, capital improvements and collection purchases.

Other income

During the year the Library submitted a successful appeal to HM Revenue and Customs under section 33A VATA 1994 which resulted in the Library being able to reclaim more of its input VAT. The appeal was backdated to 1 April 2001 and resulted in the Library receiving a VAT refund of £2,602,659.

6 Net cost of resources expended

	Staff Costs	Other Direct Costs	Depreciation	Income	Allocated Support Cost	2005/06 Net Cost ¹	2004/05 Net Cost restated
	£000	£000	£000	£000	£000	£000	£000
Direct Costs							
Costs of generating funds	418	134	–	–	–	552	441
Investment Management Fees	–	29	–	–	–	29	40
Collection management	14,420	4,111	41	(1,380)	10,436	27,628	28,098
Collection development	1,728	14,536	–	(453)	10,038	25,849	25,785
Access to collection	19,885	2,933	534	(16,542)	13,368	20,178	19,384
Wider public access	3,098	2,726	20	(5,128)	2,362	3,078	2,798
Bibliographic services	647	794	–	(2,333)	813	(79)	(113)
Reference/information services	2,931	175	–	(289)	1,733	4,550	4,462
Leadership, partnership, and co-operation	1,784	1,140	–	(5,047)	1,083	(1,040)	1,322
Governance Costs ²	158	501	–	–	–	659	908
	45,069	27,079	595	(31,172)	39,833	81,404	83,125
Support Costs							
Information systems	4,882	2,980	909	(69)	(8,702)	–	–
Corporate services	12,739	17,370	714	(8,050)	(22,773)	–	–
Directorate costs	7,638	775	–	(55)	(8,358)	–	–
	70,328	48,204	2,218	(39,346)	–	81,404	83,125

The categories used in 2005/06 have been based on the Library's strategic objectives. 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.

In accordance with HM Treasury disclosure requirements, in respect of fees and charges, the above table identifies the net cost of the Library's activities, which is derived by deducting trading, donated and investment income from total expenditure. This segmental information is not disclosed for the purpose of SSAP 25.

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

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

A) STAFF COSTS

	BL Staff £000	Other £000	2005/06 Total £000	2004/05 £000
Wages and salaries	49,266	1,780	51,046	51,098
Social security costs	3,472	–	3,472	3,612
Pension disbursements	8,153	–	8,153	6,105
Voluntary redundancy/restructuring programme for former employees				
Current year costs	3,679	–	3,679	1,224
Release of provision	(3,637)	–	(3,637)	(1,330)
Provision for future costs	7,329	–	7,329	2,883
	68,262	1,780	70,042	63,592
Board Members' remuneration	286	–	286	303
see (i) on page 58	68,548	1,780	70,328	63,895

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. Benefits accrue, depending upon the pension scheme chosen, at the rate of one sixtieth or one eightieth of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% or 3.5% of pensionable earnings, depending upon the respective scheme the member is in.

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

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

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 2003. Details can be found in the resource accounts of the Cabinet Office:

Civil Superannuation
(www.civilservice-pensions.gov.uk).

Pension disbursements relate to:

- the Accruing Superannuation Liability Contributions payable to the Principal Civil Service Pension Scheme in respect of existing eligible employees;
- compensation lump sums, service enhancements and annual compensation payments in respect of employees who were retired early under the terms of PCSPS.

For 2005/06, employers' contributions of £8,127,137 were payable to PCSPS (2004/05: £6,059,565) at one of four rates in the range 16 to 25.6% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full valuation. The rates will increase from 2006/07, to between 17.1 to 26.5%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the Scheme.

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

Notes to the accounts continued

6 Net cost of resources expended continued

i) BOARD MEMBERS' REMUNERATION

	2005/06 £000	2004/05 £000
Fees and salaries	261	276
Other emoluments	25	27
	286	303

REMUNERATION FOR NON-PENSIONABLE BOARD MEMBERS

	2005/06 £000	2004/05 £000
Sir Henry Boyd-Carpenter KCVO	8.3	8.3
Robin Broadhurst CBE	8.3	8.3
Professor Robert G Burgess	8.3	8.3
Sheila Forbes CBE	8.3	8.3
Duncan Lewis	8.3	8.3
Sir Colin Lucas	8.3	8.3
Eileen Mackay CB	8.3	8.3
Simon Olswang	8.3	8.3
Dr Gareth W Roberts	8.3	8.3
	74.7	74.7

No pension contributions were made on behalf of the above Board Members in the year.
During the year a total of £7,500 has been paid to six Board members for travel expenses.

The remuneration paid and pension entitlements of the Executive Team and the Chairman, were as follows:

		Remuneration paid £000	Real increase in pension at 60 £000	Total accrued pension at 60 as at 31 March 2006 £000	Cash Equivalent Transfer Value		
					As at 1 April 2005 £000	As at 31 March 2006 £000	Real increase in year £000
Lord Eatwell, Chairman	2005/06 2004/05	30 – 35 30 – 35	0 – 2.5	2.5 – 5	35	49	9
Mrs Lynne Brindley, Chief Executive	2005/06 2004/05	150 – 155 165 – 170	2.5 – 5	50 – 52.5 Plus lump sum of 132.5 – 135	863	1124	55
Richard Boulderstone, Director	2005/06 2004/05	100 – 105 100 – 105	2.5 – 5	12.5 – 15	117	187	22
Mary Canavan, Director	2005/06 2004/05	90 – 95 90 – 95	0 – 2.5	37.5 – 40	32	614	33
Clive Field, Director	2005/06 2004/05	95 – 100 100 – 105	0 – 2.5	35 – 37.5 Plus lump sum of 107.5 – 110	569	734	29
Jill Finney, Director	2005/06 2004/05	100 – 105 105 – 110	0 – 2.5	7.5 – 10	73	121	21
Steve Morris, Director (from 9/1/06)	2005/06	25 – 30	0 – 2.5	0 – 2.5	–	5	5
Robert Kirton, Interim Director (from 1/11/04 to 31/1/06)	2005/06 2004/05	95 – 100 35 – 40	0 – 2.5	25 – 27.5	8	414	50
Natalie Ceeney ³ , Director (to 20/11/05)	2005/06 2004/05	65 – 70 115 – 120					

The cash equivalent transfer value (CETV) is a new additional disclosure requirement resulting from *The Directors' Remuneration Report Regulations 2002*. The CETV is the actuarially assessed capitalised value of the pension schemes benefits accumulated by a member at a particular point in time.

³ There are no pension details shown for Natalie Ceeney as she chose to opt out of the Library scheme.

ii) SENIOR EMPLOYEES

The following number of employees, excluding the executive team, members of the British Library Board and the Chairman, received remuneration falling within the following ranges:

	2005/06	2004/05
	No.	No.
£60,001 – £70,000	16	11
£70,001 – £80,000	4	3

In accordance with the SORP 2005, for 2005/06 emoluments are reported in bands from £60,000.

The average full time equivalent (FTE) staff during the year was:

	Staff directly employed by the British Library	Others	2005/06 Total (FTE)	2004/05 Total (FTE)
Chief Executive's Office	4	–	4	4
e-Strategy and Programmes	110	4	114	99
Finance and Corporate Resources	233	18	251	261
Human Resources	30	6	36	36
Operations and Services	882	9	891	968
Redeployment Pool	–	–	–	16
Scholarship and Collections	740	5	745	772
Strategic Marketing and Communications	96	3	99	96
	2,095	45	2,140	2,252

B) OTHER DIRECT COSTS

	2005/06	2004/05
	£000	£000
Acquisitions for the collections	14,433	13,909
Research and other grants	–	51
Conservation and binding services	2,919	2,463
Administration, equipment, supplies and services	30,347	31,284
Non-recoverable VAT (net)	505	1,101
Loss on disposal of fixed assets	–	36
	48,204	48,844

The above table is exclusive of staff costs.

Notes to the accounts continued

7 Depreciation on St Pancras assets

Due to the significant amount involved, depreciation on the total value of assets transferred in December 1997 from the Department for Culture, Media and Sport, for no consideration, is shown separately in the Statement of Financial Activities. This amount represents a full year's depreciation.

8 Notional cost of capital

Notional cost of capital is calculated as 3.5% of the average capital employed in the year, excluding collection assets purchased and donated and is required by the Financial Reporting Manual.

9 Resources expended

This is stated after charging:

	2005/06	2004/05
	£000	£000
Auditors' remuneration	49	48
Rent on land and buildings	1,424	1,359
Lease/rental payments on equipment	407	272
Depreciation on Intangible assets	370	390
Depreciation on St Pancras assets	14,902	9,548
Depreciation on other fixed assets	1,848	2,501

10 Intangible assets

	Licences 2005/06	Licences 2004/05
	£000	£000
Cost		
At 1 April	1,182	1,133
Additions	–	49
Disposals	–	–
At 31 March	1,182	1,182
Depreciation		
At 1 April	707	317
Charge for year	370	390
At 31 March	1,077	707
Net book value at 31 March	105	475

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

11 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 2005	374,356	135,151	11,305	83	6,824	2,407	530,126
Additions	–	2,090	–	47	169	6,800	9,106
(MHCA) adjustment	30,099	6,297	93	–	–	–	36,489
Disposals	–	(70)	(433)	(15)	(94)	–	(612)
At 31 March 2006	404,455	143,468	10,965	115	6,899	9,207	575,109
Depreciation							
At 1 April 2005	1,724	26,314	10,455	65	4,189	–	42,747
Charge for year							
– St Pancras assets	5,521	9,136	49	–	196	–	14,902
– Other assets	553	507	21	12	755	–	1,848
MHCA adjustment	536	702	132	–	–	–	1,370
Elimination on disposal	–	(70)	(433)	(15)	(94)	–	(612)
At 31 March 2006	8,334	36,589	10,224	62	5,046	–	60,255
At 31 March 2006	396,121	106,879	741	53	1,853	9,207	514,854
At 31 March 2005	372,632	108,837	850	18	2,635	2,407	487,379

Assets in the Course of Construction (AICC) represent work on the design and build of two separate building projects, being the Centre for Conservation at St Pancras and the Additional Storage Programme at Boston Spa.

B) VALUATIONS

The land and buildings as at 31 March 2006 include two properties valued at £31,720,000 on 31 March 2004 and one building, St Pancras, valued at £441,660,000 (including £102.7m of mechanical equipment that has been classified as Plant and Machinery) on 31 March 2005, for which title has been vested in the British Library Board.

Site		Land £000	Buildings £000	Totals £000
St Pancras	Freehold	63,000	378,660	441,660
Boston Spa	Freehold	4,000	22,200	26,200
Colindale Avenue	Freehold	2,425	3,095	5,520
		69,425	403,955	473,380

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

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

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

Notes to the accounts continued

12 Heritage assets

	Collections purchased £000	Collections donated £000	Total £000
Heritage assets			
Cost or valuation at 1 April 2005	5,348	206	5,554
Additions	1,356	175	1,531
Disposals			
At 31 March 2006	6,704	381	7,085

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

Donated assets are valued using an independent valuation.

13 Investments

	2005/06 £000	2004/05 £000
Market Value at 1 April	6,561	4,080
Purchases at Cost	5,265	4,757
Disposals at Book Value	(3,293)	(4,216)
Gifted Investments	–	1,580
Increase in Market Value	764	360
Market Value at 31 March	9,297	6,561
Historical Cost at 31 March	8,002	6,019
Analysed by	£000	£000
Fixed Interest Securities	4,851	1,503
Listed UK Securities	4,061	4,868
Listed Overseas Securities	385	190
Market Value as at 31 March	9,297	6,561
Geographical Analysis		
United Kingdom Investments	8,912	6,371
Overseas Investments	385	190
	9,297	6,561

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.

14 Financial instruments

FRS 13 'Derivatives and other financial instruments', requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the Library faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors, which mature or become payable within 12 months of the balance sheet, have been omitted from this note.

LIQUIDITY RISK

Apart from Grant in aid, the Library's other major source of income is from Document Supply Services. Remote document supply is demand-led and due to competition from other providers and an increase in the availability of electronic media from publishers, the income from this service has continued to decline. Efforts to maintain the viability of the service at the gross contribution level will continue. We are also actively exploring new income sources for the Library.

INTEREST RATE RISK

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

INVESTMENT INCOME PROFILE

The following table shows the interest rate profile of the Library's financial assets. As the Library has no finance leases or loans, financial liabilities have been omitted from this table.

	2005/06			Total £000	2004/05 Total £000
	Floating	Fixed	Listed		
	Rate £000	Rate £000	Securities £000		
Sterling	33,187	4,851	4,446	42,484	30,310
Dollar	437	–	–	437	775
Euro	314	–	–	314	149
Yen	50	–	–	50	40
Total	33,988	4,851	4,446	43,285	31,274

FOREIGN CURRENCY RISK

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

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

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

15 Stocks

	2005/06 £000	2004/05 £000
Stocks for resale	680	570
Raw Materials	296	309
Total Stocks	976	879

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

16 Debtors and prepayments

	2005/06 £000	2004/05 £000
Amounts falling due within one year		
Trade debtors	3,440	3,552
Other debtors	1,712	1,454
Prepayments and accrued income	4,900	825
	10,052	5,831

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

17 Cash at bank and in hand

	2005/06 £000	2004/05 £000
Restricted fund	15,530	10,083
Customer deposit accounts	4,400	4,345
Cash balances	13	19
General fund	14,035	10,257
	33,978	24,704

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

Notes to the accounts continued

18 Creditors

	2005/06 £000	2004/05 £000
Amounts falling due within one year		
Trade creditors	5,492	4,729
Other creditors	3,897	3,625
Accruals	7,293	4,513
Deferred income	277	292
Provisions due within one year	3,405	1,541
	20,364	14,700

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

19 Statement of funds

	As at 1 April 2005 £000	Transfers To/(From) £000	Expenditure £000	Incoming Resources £000	Realised and Unrealised Gains and Losses £000	As at 31 March 2006 £000
Unrestricted funds						
General Funds	497,578	218	131,180	160,160	–	526,776
Donated Asset Reserve	206	–	–	175	–	381
Total unrestricted funds	497,784	218	131,180	160,335	–	527,157
Restricted funds						
Eccles	3,343	–	43	3,713	662	7,675
Shaw Fund	4,536	–	–	294	–	4,830
Sound Archive	2,703	–	3	123	74	2,897
Centre for Conservation	452	–	295	2,189	–	2,346
Dingwall No. 2	788	–	12	29	195	1,000
JISC: British Newspapers	647	(206)	337	523	–	627
C & P Restricted Fund	18	–	–	396	–	414
Membership/General Donations	147	(59)	–	284	–	372
Chinese Central Asia Database	303	7	370	380	–	320
Consolidated Endowment	348	–	112	62	7	305
Sir Henry Thomas	225	–	2	8	55	286
Endangered Archives	12	–	573	763	–	202
European Co-operation Fund	48	111	–	3	–	162
Codex Sinaiticus	4	–	4	151	–	151
Workshop Gallery	184	–	46	7	–	145
T.S. Blakeney	116	–	1	4	25	144
Special Exhibitions	132	–	–	8	–	140
Anthony Panizzi Foundation	114	–	4	3	25	138
JISC: Archival Sound Recordings	205	(1)	473	402	–	133
Treasures Gallery	293	(1)	190	29	–	131
Web Archive Consortium	122	–	19	5	–	108
Co-operation and Partnership	106	–	29	24	–	101
Folio Society Gallery	–	–	–	100	–	100
Turning the Pages	120	–	147	122	–	95
North American Collections	85	–	–	4	–	89
Three Faiths exhibition	–	(2)	85	175	–	88
Cataloguing Projects Fund	59	–	34	60	–	85
National Preservation Office	75	48	161	118	–	80
Sir Adrian Boulton	64	–	–	3	9	76
Collections Fund	69	–	11	16	–	74
Bridgewater Fund	58	–	–	2	14	74
Pearson Gallery	122	–	296	247	–	73
Warwick Festivals	67	–	–	3	–	70
Fitzgerald Airmail Fund	53	–	–	2	13	68
Others	828	(113)	313	324	22	748
Total restricted funds	16,446	(216)	3,560	10,576	1,101	24,347
Other (deficit funds)	50	(2)	1,242	1,114	–	(80)
Transfer to general funds	–	–	(330)	–	–	330
Total funds	514,280	–	135,652	172,025	1,101	551,754

19 Statement of funds *continued*

Restricted funds are given to the Library for specific purchases for the collection or projects, which are related to the aims and objectives of the Library. All the funds with balances of over £50,000 at 31 March 2006 are listed above, with a brief description as to the aims of the fund shown below, 'Other' restricted funds comprise individual amounts less than £50,000.

The restricted funds in deficit at the year end represent 11 funds for which due to the administration restrictions of these funds costs are expended first and then reclaimed from the external funding organisations. All future income streams should more than cover the shortfall and future costs involved in the projects.

Included within the Restricted Fund expenditure are costs in relation to the purchase of fixed assets. These assets have been transferred from the restricted funds reserve to the unrestricted general fund.

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. A bequest from the Estate of Lady Eccles for £3.5m was received on 4 October 2005.

SHAW FUND

Established by a Charity Commission order dated 13 September 2000, with the income being available for the general purpose of the British Library Board. At a meeting in September 2003, the Board adopted the following expenditure policy for the Shaw fund income: 'To be applied as an addition to other sources of funding, for the benefit of the readership of the British Library; for the acquisition of manuscripts and other materials, to support specific projects of a scholarly or research nature, and for other similar purposes as the Board may determine'.

SOUND ARCHIVE

For the promotion of and assistance in the study, understanding, communication and recording of sound.

CENTRE FOR CONSERVATION

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

DINGWALL NO. 2

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

JISC: BRITISH NEWSPAPERS 1800 – 1900

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

C & P RESTRICTED FUND

Donations and grants to assist preservation.

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.

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 the US.

CONSOLIDATED ENDOWMENT ACCOUNT

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

SIR HENRY THOMAS

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

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. Any theme or regional interest is considered, although applications concerned with non-western societies are particularly welcome.

EC FUND: THE EUROPEAN LIBRARY

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

CODEX SINAITICUS

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

the British Library, the University of Leipzig and the National Library of Russia.

WORKSHOP GALLERY

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

TS BLAKENEY

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

SPECIAL EXHIBITIONS

Funding for future exhibitions.

ANTHONY PANIZZI FOUNDATION

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

JISC: ARCHIVAL SOUND RECORDINGS

To provide: 12,000 items totalling 3,900 hours of segmented recordings and associated images accessible to higher education and further education users over the web and a series of instructive audio-visual recordings entitled *Records and record players*.

THE SIR JOHN RITBLAT GALLERY: TREASURES OF THE BRITISH LIBRARY

A donation from Sir J H Ritblat.

WEB ARCHIVE CONSORTIUM

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

CO-OPERATION AND PARTNERSHIP

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

FOLIO SOCIETY GALLERY

Sponsorship for the Folio Gallery to improve Front Hall exhibitions.

Notes to the accounts continued

TURNING THE PAGES

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

NORTH AMERICAN COLLECTIONS

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

THREE FAITHS EXHIBITION

Funding for an exhibition and related public programmes on the subject of Judaism, Christianity and Islam.

CATALOGUING PROJECTS FUND

A collection of small projects to support scholarship and collection cataloguing activities.

NATIONAL PRESERVATION OFFICE

Contributions to the cost of running the Office, with the aim of progressing a national preservation policy.

SIR ADRIAN BOULT

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

GENERAL RESTRICTED FUNDS FOR THE BRITISH LIBRARY COLLECTIONS

To support the work of Scholarship and Collections.

BRIDGEWATER FUND

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

PEARSON GALLERY

Sponsorship for the exhibitions programme in the Pearson Gallery.

WARWICK FESTIVALS

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

FITZGERALD AIRMAIL FUND

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

20 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 2006/07.

	2005/06	2004/05
	Total	Total
At 1 April	3,952	2,399
Additional Provision	7,329	2,883
Utilisation of Provision	(3,637)	(1,330)
At 31 March	7,644	3,952
Less: portion included in creditors due within one year	(3,405)	(1,541)
Amounts falling due after one year	4,239	2,411

21 Commitments under operating leases

	Land and Buildings		Equipment	
	2005/06 £000	2004/05 £000	2005/06 £000	2004/05 £000
Operating Leases which expire				
Within one year	157	–	39	53
Two to five years	317	457	33	41
More than five years	901	901	–	–
	1,375	1,358	72	94

22 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fund balances at 31 March 2006 are represented by			
Intangible fixed assets	105	–	105
Tangible fixed assets	521,939	–	521,939
Investments	–	9,297	9,297
Current assets	29,467	15,549	45,016
Current liabilities	(19,785)	(579)	(20,364)
Non-current liabilities	(4,239)	–	(4,239)
Total net assets	527,487	24,267	551,754

23 Capital commitments

	2005/06	2004/05
	£000	£000
Contracted and not provided for	10,591	1,678
Authorised, but not contracted for	22,105	22,009

The capital commitment figures include the contracted and authorised costs for the two buildings in the course of construction, the Centre for Conservation at St Pancras and the Additional Storage Programme at Boston Spa.

24 Endowment fund and Trust funds

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:

	2005/06	2004/05
	£000	£000
Income	12	29
Expenditure	(16)	(5)
Unrealised gains on investments	27	11
Surplus/(deficit) for the year	23	35
Investments	309	283
Short Term Deposits	4	4
Net Debtors	1	20
Cash at Bank	40	24
Net Assets	354	331

25 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 most of the DCMS sponsored bodies.

- It loaned material to the National Portrait Gallery, the British Museum, the National Maritime Museum, the Victoria and Albert Museum, the Royal Armouries, the Tate Modern, the Horniman Museum, the Imperial War Museum and the Wallace Collection.
- It borrowed material from the Victoria and Albert Museum, the National Portrait Gallery and the British Museum.

During the year a number of Board members have contributed to the Adopt a Book appeal.

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

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ISBN 0 10 293996 9
ISSN 0305 7887

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Design

salterbaxter

Production

British Library Design Office

Print

Spellman Walker

Editor

Jon Purday

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