

Financial Statements for The Library Association

BALANCE SHEET

AS AT 31 DECEMBER 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	2	1,957,830	1,748,148
Investments in subsidiary companies	3	2	2
Other investments	4	1	1
CURRENT ASSETS			
Stock and work in progress	5	79,702	108,571
Debtors	6	1,037,949	841,849
Investments	7	4,536,647	5,688,343
Balances held by Branches and Groups		639,957	615,366
Bank balances and cash in hand		812,712	384,038
		-----	-----
		7,106,967	7,638,167
Less: CREDITORS			
Amounts falling due within one year:	8	1,198,125	1,002,704
		-----	-----
NET CURRENT ASSETS		5,908,842	6,635,463
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		7,866,675	8,383,614
		=====	=====
MEMBERS' FUNDS			
Restricted funds	9	714,855	724,803
Unrestricted funds:			
Designated funds	10	3,309,789	3,600,000
Other funds - Head Office		3,262,624	3,509,342
Branches and Groups		579,407	549,469
		-----	-----
		7,866,675	8,383,614
		=====	=====

Signed on behalf of the Council by:

Keith Webster

HONORARY TREASURER

Bob McKee

CHIEF EXECUTIVE

Approved by the Council on 3rd October 2002

THE LIBRARY ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2001

Notes	2001			2000	
	Unrestricted funds £	Designated funds £	Restricted funds £	Total £	Total £
INCOMING RESOURCES					
Members' subscriptions	2,039,712			2,039,712	2,018,026
Income from quoted investments	176,654		26,531	203,185	176,981
Rent	161,011			161,011	102,770
LA Enterprises income	3,535,058			3,535,058	3,689,992
Legacy			20,069	20,069	287,000
Miscellaneous	239,518			239,518	283,413
Income to Branches and Groups	927,039		2,174	929,213	930,964
TOTAL INCOMING RESOURCES	7,078,992	0	48,774	7,127,766	7,489,146
RESOURCES EXPENDED					
Cost of Generating Funds - Enterprises					
Staff salaries, NI and pensions	924,864			924,864	735,165
Conference, courses and publication costs	1,447,921			1,447,921	1,710,713
Agency staff	26,565			26,565	78,505
Professional fees, project, promotion and other expenses	219,480			219,480	152,304
Support Costs	753,186	85,535		838,721	686,059
Charitable Expenditure					
Staff salaries, NI and pensions	833,656			833,656	910,850
Agency staff	39,964			39,964	17,615
Payments to Branches, Groups and Affiliated Members Committee	236,847			236,847	236,130
Expenditure of Branches and Groups	897,101		7,521	904,622	923,947
Professional fees, project, promotion and other expenses	314,631	47,862	5,000	367,493	417,698
Support Costs	728,079	82,684		810,763	817,993
Management & Administration	323,658	74,130		397,788	312,907
Council, committees and elections	118,259			118,259	112,012
TOTAL RESOURCES EXPENDED	6,864,211	290,211	12,521	7,166,943	7,111,898
NET INCOMING/(OUTGOING) RESOURCES	214,781	(290,211)	36,253	(39,177)	377,248
Gains/(losses) on investment assets:					
Realised	(67,986)	0	0	(67,986)	(83,674)
Unrealised	(363,575)	0	(46,201)	(409,776)	(39,444)
NET MOVEMENT IN FUNDS	(216,780)	(290,211)	(9,948)	(516,939)	254,130
Fund balances brought forward at 1 January 2001 : Head Office	3,509,342	3,600,000	658,906	7,768,248	7,521,135
Branches and Groups	549,469	0	65,897	615,366	608,349
Fund balances carried forward at 31 December 2001: Head Office	3,262,624	3,309,789	654,305	7,226,718	7,768,248
Branches and Groups	579,407	0	60,550	639,957	615,366
	3,842,031	3,309,789	714,855	7,866,675	8,383,614

THE LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES

The accounting policies adopted are in accordance with the appropriate Statement of Recommended Practice on Accounting and Reporting by Charities and the Charities Act 1993 and with applicable accounting standards.

a) Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

b) Depreciation

Depreciation is charged on all assets, other than freehold land, at the following rates which are expected to reduce the assets to their net realisable values over their expected lives:

Freehold Buildings - 2% per annum on cost
 Furniture, fixtures and equipment - 20% per annum on cost
 Computers and programs - 25% per annum on cost

c) Stocks

Stocks are valued at the lower of cost and net realisable value after making allowance for any obsolete or slow moving items. In the case of work in progress and finished goods, cost consists of direct materials, direct labour and attributable overheads. Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

d) Investments

Investments included in current assets in the balance sheet are at market value.

e) Pension costs

Contributions in respect of the Association's defined benefit pension scheme are charged to the income and expenditure account for the year in which they are payable to the scheme. The assets of the scheme are held completely independently from the Association.

f) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessors are charged against profit as incurred.

2. TANGIBLE ASSETS

Movements during the year are summarised as follows:	Freehold land and buildings £	Furniture fixtures and equipment £	Computers and programs £	Total £
COST				
1 January 2001	1,361,454	242,802	493,340	2,097,596
Additions	264,050	22,425	85,685	372,160
Disposals		(30,684)	(122,334)	(153,018)
	-----	-----	-----	-----
31 December 2001	1,625,504	234,543	456,691	2,316,738
	=====	=====	=====	=====
DEPRECIATION				
1 January 2001		104,096	245,352	349,448
Charged	20,049	43,833	98,588	162,470
Disposals		(30,684)	(122,326)	(153,010)
	-----	-----	-----	-----
31 December 2001	20,049	117,245	221,614	358,908
	=====	=====	=====	=====
NET BOOK VALUE				
1 January 2001	1,361,454	138,706	247,988	1,748,148
	-----	-----	-----	-----
31 December 2001	1,605,455	117,298	235,077	1,957,830
	=====	=====	=====	=====

The current market value of freehold land and buildings is considerably higher than the cost shown above.

Included in Freehold land and buildings is land which cost £59,454 which is not depreciated.

THE LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(continued)

YEAR ENDED 31 DECEMBER 2001

3. INVESTMENT IN SUBSIDIARY COMPANIES

At 31 December 2001 and 31 December 2000 the Association held the following investments:

Name of Company	Country of registration and operation	Holding	Proportion	Nature of business
Library Association Publishing Limited	England	Ordinary shar	100%	Dormant
Clive Bingley Limited	England	Ordinary shar	100%	Dormant

The shares in Clive Bingley Limited are held by Library Association Publishing Limited.

At 31 December 2001 the aggregate of the share capital and reserves of Library Association Publishing Limited and Clive Bingley Limited amounted to a deficiency of £137,045 and a surplus of £702 respectively. As full provision has been made in these accounts for the deficiency in Library Association Publishing Limited, the latter's accounts have not been consolidated into the Association's figures.

4. OTHER INVESTMENTS

At 31 December 2001 and at 31 December 2000 the Association held one share, out of 1,000 shares issued, in Library Services Limited.

5. STOCKS

	2001	2000
	£	£
Books - work in progress	20,693	8,748
- finished goods	53,968	83,290
Sundry stocks	5,041	16,533
	-----	-----
	79,702	108,571
	=====	=====

6. DEBTORS

	2001	2000
	£	£
Trade debtors	580,988	605,117
Other debtors	393,183	186,827
Prepayments	63,778	49,905
	-----	-----
	1,037,949	841,849
	=====	=====

7. INVESTMENTS

	2001	2000
	£	£
Quoted investments		
Market value 1 January 2001	5,688,343	6,317,504
Additions	26,066	193,958
Disposals	(767,986)	(783,674)
Net unrealised investment losses	(409,776)	(39,445)
	-----	-----
Market value 31 December 2001	4,536,647	5,688,343
	=====	=====
Historical cost at 31 December 2001	3,370,131	4,425,729
	=====	=====

8. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Trade creditors	379,740	244,575
Taxes and social security costs	105,135	68,963
Other creditors	107,077	487,474
Accruals	606,173	201,692
	-----	-----
	1,198,125	1,002,704
	=====	=====

THE LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
(continued)

YEAR ENDED 31 DECEMBER 2001

9. RESTRICTED FUNDS	At	Movement in resources		At
	1 January 2001	Incoming	Outgoing investment assets	31 December 2001
	£	£	£	£
Mitchell Memorial Fund	12,352	503		12,855
Anthony Thompson Scholarship Fund	6,696	298	(452)	6,542
Arundell Esdaile Memorial Fund	2,054	78	(118)	2,014
G A Cooks - legacy	77,655		(5,400)	72,255
Henrik Jones Memorial Prize	2,271	102	(155)	2,218
K Pierce - legacy	7,314	318	(481)	7,151
F Robinson - legacy	8,976	393	(595)	8,774
Colin Mears - legacy	283,344	28,870	(5,000)	288,033
D Chilcot - legacy	258,244	16,038	(19,819)	254,463
	=====	=====	=====	=====
	658,906	46,600	(5,000)	654,305
	=====	=====	=====	=====
Branches and Groups				60,550

				714,855
				=====

The Mitchell Memorial Fund provides loans to members to fund full or part-time study to further their careers

The GA Cooks legacy was donated for use by the Welsh branch of the Library Association

The Colin Mears legacy provides funds for the Colin Mears Awards for the illustration of childrens books.

The D Chilcot legacy provides funds to be utilised for information facilities at the Library Association and education purposes

All restricted funds are held as investments

10. DESIGNATED FUNDS

The following designated funds have been set aside out of unrestricted funds for specific purposes:

	At	New		At
	1 January 2001	designations	Utilised/released	31 December 2001
	£	£	£	£
Repairs and maintenance reserve	1,200,000	-	(227,431)	972,569
Depreciation Reserve	1,400,000	-	(14,918)	1,385,082
Contingency Reserve	270,000	-	-	270,000
Development Reserve	730,000	-	(47,862)	682,138
	-----	-----	-----	-----
	3,600,000	-	(290,211)	3,309,789
	=====	=====	=====	=====

The repairs and maintenance reserve is set aside for major refurbishment and maintenance work on the Library Association's headquarters offices.

The depreciation reserve is set aside to cover future depreciation charges relating to the costs incurred in building the fourth floor.

The contingency reserve is set aside to cover potential losses on the IFLA 2002 Conference

The development reserve is set aside for a number of one-off projects to enhance the effectiveness of the Association as a service for its members.

THE LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
(continued)

YEAR ENDED 31 DECEMBER 2001

11. TOTAL RESOURCES EXPENDED	2001	2000
	£	£
Total resources expended include:		
Auditors' remuneration	14,725	14,625
Depreciation	162,470	123,076
Operating Lease rentals	2,812	-
	=====	=====

12. STAFF	2001	2000
	£	£
Staff costs:		
Wages and salaries	2,060,978	1,927,019
Social security costs	159,370	147,337
Other pension costs	308,021	286,696
	-----	-----
	2,528,369	2,361,052
	=====	=====

The emoluments of employees earning more than £40,000 per annum fell within the following ranges:

	2001	2000
	Number	Number
£40,001 - £50,000	3	4
£50,001 - £60,000	1	-
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-

The average number of employees, analysed by function, was:

	2001	2000
	Number	Number
Enterprises	30	26
Professional Services	29	31
Chief Executive & others	26	25
	-----	-----
	85	82
	=====	=====

13. PENSION COMMITMENTS

The Association operates a defined benefit pension scheme on behalf of employees. The assets of the scheme are held separately from those of the Association in an independently administered fund. Contributions to the scheme are assessed in accordance with the advice of a qualified actuary using the projected unit method on the basis of regular valuations and the total pension cost charged in these financial statements amounted to £308,021 (2000 - £286,696).

The last valuation was carried out as at 31 December 2001. The main assumptions used by the actuary were (in nominal terms):

Rate of increase in pensionable salaries	3.75%
Rate of increase in pensions in payment	2.75%
Discount Rate	6.00%
Inflation assumption	2.75%

The expected rate of return (net of investment management expenses) and the assets in the Scheme at 31 December 2001 were:

	Expected Return	
	% p.a	£'000
Equities	8	6,521
Bonds	5	763
Insurance Policies	6	883
Other	4	783

Total market value of assets		8,950
Actuarial value of liabilities		9,344

Deficit in the scheme and net pension liability		(394)
		=====

THE LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(continued)

YEAR ENDED 31 DECEMBER 2001

14. TRUSTEES

The Members of The Library Association Council, who are the Trustees of the charity, received payment only for reimbursement of travel, subsistence and other out-of-pocket expenses.

15. OPERATING LEASE COMMITMENTS

The company had annual commitments under operating leases as follows:

	Motor Vehicle	
	200	2000
	£	£
Expiring in 2 to 5 years	3,750	
	=====	=====

THE LIBRARY ASSOCIATION

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2001

Reconciliation of net movement in funds to net inflow from operating activities	2001	2000
	£	£
Net movement in funds	(516,939)	254,130
Depreciation charges and loss on disposal	162,478	123,076
Unrealised losses on investments	409,776	39,445
Decrease in stocks	28,869	6,620
Increase in debtors including Branches and Groups	(220,691)	(2,338)
Increase in creditors	195,421	72,009
	-----	-----
Net cash inflow from operating activities	58,914	492,942
	=====	=====
CASH FLOW STATEMENT	2001	2000
	£	£
Net cash inflow from operating activities	58,914	492,942
Capital expenditure (note 1)	(372,160)	(1,348,251)
	-----	-----
Management of liquid resources (note 1)	741,920	589,716
	-----	-----
Increase /(decrease) in cash	428,674	(265,593)
	=====	=====
Reconciliation of net cash flows to movement in net funds (note 2)	2001	2000
	£	£
Increase/(decrease) in cash in the period	428,674	(265,593)
Cash used to decrease liquid resources	(741,920)	(589,716)
Unrealised losses on investments	(409,776)	(39,445)
	-----	-----
Change in net debt	(723,022)	(894,754)
Net funds at 1 January 2001	6,072,381	6,967,135
	-----	-----
Net funds at 31 December 2001	5,349,359	6,072,381
	=====	=====

NOTES TO THE CASH FLOW STATEMENT

1. GROSS CASH FLOWS	2001	2000
	£	£
Capital expenditure		
Payments to acquire tangible fixed assets	(372,160)	(1,348,251)
	=====	=====
Management of liquid resources		
Purchase of current asset investments	(26,066)	(193,958)
Sale of current asset investments	767,986	783,674
	-----	-----
	741,920	589,716
	=====	=====

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January	Cash	Unrealised losses	At 31 December
	2001	flow	on investments	2001
	£	£	£	£
Bank balances and cash in hand	384,038	428,674	-	812,712
Current asset investments	5,688,343	(741,920)	(409,776)	4,536,647
	-----	-----	-----	-----
Total	6,072,381	(313,246)	(409,776)	5,349,359
	=====	=====	=====	=====