

The Linen Hall Library
Annual report
for the year ended 31 December 2017

The Linen Hall Library

Annual report for the year ended 31 December 2017

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The Linen Hall Library

Reference and administrative details

Governors

President:	Mrs A Davies, BA Hons, DILS (to October 2017)	(5/5)
Acting President:	Mrs A Chapman, OBE, BSSc Hons, MSW (from October 2017)	(2/2)
Vice-President:	Mrs A Chapman, OBE, BSSc Hons, MSW (to October 2017)	(3/5)
Honorary Secretary:	Mr J Stewart, MSc, MA, BSc	(4/7)
Honorary Treasurer:	Mr D Lewis, MA, PGDip, BSc	(4/7)
	Ms K Blair, LLB, LLM, LARTPI	(4/7)
	Mr H Campbell, LLB, LLM	(1/7)
	Mr P Cavan	(4/7)
	Ms C Gallen, MSc (from October 2017)	(2/2)
	Professor Y Galligan, PhD, OBE	(3/7)
	Mr E Hughes, BA, MA, PHD (from May 2017)	(4/5)
	Mr J Johnston, MA, MLitt, JP	(3/7)
	Mr A Kershaw, BA	(3/7)
	Ms M Mackin, BA, MSc, PGDip	(4/7)
	Mr H Odling-Smee, MA, AdDip	(4/7)
	Mr C Radcliffe, BA Hons	(6/7)
	Mr J M Scott, BA, MA	(5/7)

[figure in brackets indicates attendance at Governors' meetings]

Principal office

17 Donegall Square North
Belfast
BT1 5GB

Solicitors

Cleaver Fulton Rankin
50 Bedford Street
Belfast
BT2 7FW

Bankers

Danske Bank Limited
Donegall Square West
Belfast
BT1 6JS

Independent auditors

Aubrey Campbell & Company
631 Lisburn Road
Belfast
BT9 7GT

The Linen Hall Library

Governors' report for the year ended 31 December 2017

The Library, which operates under the name of the Linen Hall Library, is legally known as the Belfast Library and Society for Promoting Knowledge.

The Board of Governors, who are also the trustees of the Library, submit their annual report and the audited financial statements for the year ended 31 December 2017. The Governors have prepared the accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective 1 January 2015).

Reference and administration information

Details of the registered office, governors, independent advisers and other relevant information are given on page 1.

Structure, governance and management

Governors

The Governors are responsible for setting the Library's forward strategy and oversight of its business.

Governing document

The Library was founded in 1788 and is governed by its Constitution enacted in 1891 under the Educational Endowments (Ireland) Act, 1885 and as subsequently amended.

In 2016, the Library was formally registered as a charity by the new Charity Commission for Northern Ireland.

The Constitution is available on the Library website at www.linenhall.com.

Appointment of Governors

There is a maximum of fifteen Governors of the Linen Hall Library who are elected by triennial rotation (four in each year) at the Annual General Meeting and by the subscribing members of the Library. A Governor shall not be eligible for re-election after having served two successive terms of three years, until the lapse of a period of two years. The officers of the Society are also elected annually at the Governors' meeting immediately after the Annual General Meeting.

Recruitment of Governors

The Governors annually review the skills required by the Board and available to them and, when appropriate, use their powers of co-option to fill gaps.

Governor induction and training

New Governors undertake an induction visit to the Library and are supplied with all key Library documentation. The Library has arrangements in place to provide training for all its Governors on an annual basis.

Risk management

The Library has established a risk register which is reviewed by the Governors on a quarterly basis.

Risks arising from the relative weakness of the Library's financial position are being addressed in the context of the ongoing business planning process.

The Governors will continue to review the financial risks that the Library faces and believe that increasing the free reserves to £241,215 will provide sufficient resources in the event of adverse conditions (see Reserves policy on page 4).

The Governors take the responsibility of monitoring financial risk management. The organisation is not significantly exposed to price or credit risk. The organisation has a bank overdraft and the Governors continually review this debt to ensure interest charges are minimised as far as possible.

The Linen Hall Library

Governors' report for the year ended 31 December 2017 (continued)

Structure, governance and management (continued)

Management

Responsibility for the day to day running of the Library lies with the Director and the Management Team. The Director is responsible for ensuring that planned services are delivered, that key performance indicators are met, and that agreed procedures are operative.

Related parties

The Library is Lead Partner in The National Collection of Northern Ireland Publications (NIPR). The one part-time employee of NIPR based at the Linen Hall was employed and paid for by NIPR.

Objectives and activities

Constitution and mission

The Library's Constitution at paragraph 11, and as amended in 2006, describes the 'Trusts of the Endowment' as follows:

The Endowments and all other property of or belonging to the Governors, or available for the purposes of this Scheme, shall be held by them upon trust for the promotion of knowledge in Northern Ireland and for the benefit of international scholarship, by the maintenance of a Library, and by such other means as the Society may from time to time deem it advisable to adopt.

The Library's mission statement is as follows:

The Linen Hall Library aims to increase knowledge and understanding, both locally and internationally, by collecting, curating, and providing access to an historic library and cultural centre with unique strengths in Irish and local studies.

Objectives in 2017

The Library aimed to:

- Continue the development of its key collections and enhance its museum collections
- Further enhance its role as a wider arts and cultural centre
- Continue to seek funding for capital improvements
- Continue to enhance and monitor its service standards
- Achieve improved satisfaction ratings in member and user surveys
- Increase subscribing membership
- Form new tourism partnerships and develop its tourist offering
- Reduce the operating deficit and the overdraft
- Ensure best practice in all areas of employment
- Continue to improve training for Governors and staff
- Foster relationships with new funders
- Position itself within the new Department for Communities and continue to receive core funding at current levels as a minimum

The Linen Hall Library

Governors' report for the year ended 31 December 2017 (continued)

Structure, governance and management (continued)

Achievements and performance

The Library had mixed results in meeting its objectives during a year in which working to enhance its contribution to society and the future financial security of the institution were once again the key focus.

- The Heritage Lottery Fund awarded the Library a grant to digitise and make available online parts of the Northern Ireland Political Collection, and the delivery stage of this project continued in 2017 with six dedicated members of staff and additional funding from Ulster Garden Villages and the Department of Foreign Affairs & Trade in ROI.
- Arts and cultural programming activity continued throughout the year, maintaining the Library's role as a wider arts and cultural centre.
- The Library utilised capital funding from the Department for Communities to equip three archive rooms with new air conditioning units.
- Through a grant from Together Building United Communities, the Library hosted The Past, Present & Future, a photography project for community groups from the new minor ethnic community, in partnership with Belfast Exposed.
- Ulster Scots Agency funding in place at the start of 2017 allowed work to be continued at the Linen Hall Library to conserve and make accessible the Gibson Collection of Ulster Scots material.
- The Library's charity bookshop produced a surplus of £16,000 towards Library funds in 2017 (2016: £17,000).

Financial review

Results

In common with many other charities, the Library faces challenging economic times, and continuing efforts are being made to increase revenue and to control costs. The Library has worked successfully with funders and bankers to deal with the deficit going forward. The statement of financial activities for the year is set out on page 8.

The Library incurred a deficit of £197,952 (2016: £11,822) in the year, before the impact of the actuarial loss on the defined benefit pension scheme. The Library had net current assets of £64,409 (2016: £95,090) at the year end.

Principal funding sources

The Library's key funders in 2017 were the Department for Communities which provided grants of £318,828 (2016: £294,140), the Heritage Lottery Fund £218,532 (2016: £88,168), Ulster Garden Villages £30,600 (2016: £61,200), Belfast City Council £35,000 (2016: £109,777) and the Arts Council of Northern Ireland £25,000 (2016: £27,100).

Reserves policy

The long term objective of the Governors over a three to five year period is to achieve a level of unrestricted funds not invested in tangible or fixed assets (the free reserves) equivalent to three months' expenditure on the core activities of the Library. At the end of 2017 this equates to £241,215 (2016: £205,886).

Taxation

The Library is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Library's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Borrowings

The Library relies on an overdraft facility with Danske Bank. This facility was reviewed in 2017 and sufficient facilities to meet projected cash flow requirements were approved. At the year end the Library had net liabilities of £11,820 (2016: £88,036) at Danske Bank; this was inclusive of £60,626 (2016: £60,385) of funds (including gift aid and interest) held for the Michael McLaverty Trust (see page 5) and a bank overdraft of £83,859 (2016: £164,124). The Library also had assets of £201,890 (2016: £201,671) at Barclays Bank, of which £199,852 related to the Catalyst Endowment Fund (see page 5).

The Linen Hall Library

Governors' report for the year ended 31 December 2017 (continued)

Financial review (continued)

Endowment funds

The Library administers the Michael McLaverty award and holds £60,385 in respect of this trust. This is an endowment, the income from which is available to the Library only for the specific purpose of running the biennial Michael McLaverty Short Story Award.

During 2013, the Library launched its Catalyst Endowment Fund, under which every £1 raised by the Library was matched by a £1 grant from the Heritage Lottery Fund's Catalyst endowment programme, up to the value of £1 million over a four-year period. Funds raised under this programme are to be invested for a period of 25 years, and the income used to further the Library's mission. The balance held in this fund at the year end was £199,852 (2016: £199,852).

Pension scheme

The Library operates a defined benefit scheme through NILGOSC. Prior to 2006 the Library's share of this scheme could not be identified by NILGOSC and, in keeping with other such multi employer schemes, the Library treated its pension cost as if it were a defined contribution (rather than a defined benefit) scheme in accordance with accounting standards.

In late 2006 NILGOSC separated each of the employer scheme details and, as a result, the Library complies with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and incorporates the year end deficit on the scheme in its balance sheet and the movement on the scheme within the Statement of Financial Activities. At 31 December 2017 the scheme showed a deficit of £58,422, reduced from £489,422 in the previous year, the change arising from changes in assumptions used by the scheme actuary.

Plans for the future

A Business Plan for 2018 was approved by the Governors in January 2018.

The Library aims to:

- Continue the development of its key collections and enhance its museum collections
- Further expand its role as a shared arts and cultural centre
- Continue to seek funding for capital improvements
- Continue to enhance and monitor its service standards
- Achieve improved satisfaction ratings in member and user surveys
- Increase subscribing membership
- Form new tourism partnerships and develop its tourist offering
- Reduce the operating deficit and the overdraft
- Ensure best practice in all areas of employment
- Continue to improve training for Governors and staff
- Foster relationships with new funders
- Sustain its good relationship with the Department for Communities and continue to receive core funding at current levels as a minimum

The Linen Hall Library

Governors' report for the year ended 31 December 2017 (continued)

Statement of Governors' responsibilities

The Governors are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective 1 January 2015).

The law applicable to charities requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in FRS 102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act (Northern Ireland) 1964 and under the Charities (NI) Order 1987 and in accordance with the Educational Endowments Act 1885. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each of the Governors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the Library's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the Library's auditors are aware of that information.

Independent auditors

A motion to reappoint the auditors will be proposed at the AGM.

By order of the Board



Mr D. Lewis
Honorary Treasurer

Date: 12 April 2018

The Linen Hall Library

Independent Auditor's Report to the Governors of The Linen Hall Library

Year ended 31st December 2017

We have audited the financial statements of The Linen Hall Library (the 'charity') for the year ended 31 December 2016 which comprise the statement of financial activities, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with section 65 of the Charities Act (Northern Ireland) 2008. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act (Northern Ireland) 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The Linen Hall Library

Independent Auditor's Report to the Governors of The Linen Hall Library

Year ended 31st December 2017 (cont'd)

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Act (Northern Ireland) 2008 requires us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

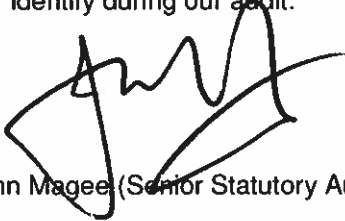
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

The Linen Hall Library

Independent Auditor's Report to the Governors of The Linen Hall Library

Year ended 31st December 2017 (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



John Magee (Senior Statutory Auditor)

For and on behalf of
Aubrey Campbell & Company
Chartered Accountants & Statutory Auditors & statutory auditor
631 Lisburn Road
Belfast
BT9 7GT

12 April 2018

The Linen Hall Library

Statement of financial activities for the year ended 31 December 2017

	Notes	Endowment Funds 2017 £	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Endowment Funds 2016 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income and endowments from									
Donations and legacies	2	-	643,759	336,960	980,719	-	463,202	317,444	780,646
Rental income		-	83,684	-	83,684	-	255,136	-	255,136
Income from investments		-	412	-	412	-	1,380	-	1,380
Income from charitable activities									
Other trading activities	3	-	105,298	-	105,298	-	88,222	-	88,222
Other income		-	-	-	-	-	-	-	-
Total income		-	833,153	336,960	1,170,113	-	807,940	317,444	1,125,384
Expenditure on									
Rental expenses		-	8,943	-	8,943	-	2,000	-	2,000
Expenditure on raising funds	4	-	45,427	-	45,427	-	41,613	-	41,613
		-	54,370	-	54,370	-	43,613	-	43,613
Expenditure on charitable activities									
Projects and events	5	-	-	403,206	403,206	-	-	313,663	313,663
Library operating costs	6	-	910,489	-	910,489	-	779,930	-	779,930
		-	910,489	403,206	1,313,695	-	779,930	313,663	1,093,593
Total expenditure		-	964,859	403,206	1,368,065	-	823,543	313,663	1,137,206
Net (expenditure)/income	8	-	(131,706)	(66,246)	(197,952)	-	(15,603)	3,781	(11,822)
Transfers between funds	9	-	5,242	(5,242)	-	-	(15,721)	15,721	-
Net (expenditure)/income before recognised gains and losses		-	(126,464)	(71,488)	(197,952)	-	(31,324)	19,502	(11,822)
Actuarial gains/(losses) on defined benefit pension scheme	25	-	520,000	-	520,000	-	(220,000)	-	(220,000)
Net movement in funds		-	393,536	(71,488)	322,048	-	(251,324)	19,502	(231,822)
Fund balance brought forward		260,337	5,718,371	164,026	6,142,734	260,337	5,969,695	144,524	6,374,556
Total funds carried forward		260,337	6,111,907	92,538	6,464,782	260,337	5,718,371	164,026	6,142,734

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities

The Linen Hall Library

Statement of financial position as at 31 December 2017

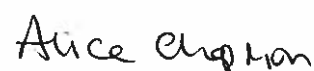
	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	10	3,724,795	3,803,066
Heritage assets	11	2,734,000	2,734,000
		6,458,795	6,537,066
Current assets			
Stocks	12	7,024	11,482
Debtors	13	70,043	203,913
Cash at bank and in hand		274,178	277,842
		351,245	493,237
Creditors: amounts falling due within one year	14	(286,836)	(398,147)
Net current assets		64,409	95,090
Net assets excluding pension liability		6,523,204	6,632,156
Pension liability	25	(58,422)	(489,422)
Net assets including pension liability		6,464,782	6,142,734
Funds			
Unrestricted funds:			
- General fund	16	(28,255)	(421,791)
- Revaluation fund	16	6,140,162	6,140,162
		6,111,907	5,718,371
Restricted funds	17	92,538	164,026
Endowment funds	18	260,337	260,337
Total funds	19	6,464,782	6,142,734

The financial statements on pages 10 to 29 were approved by the Board on 12 April 2018 and were signed on its behalf by:

Mr D Lewis
Honorary Treasurer



Mrs A Chapman
Acting President



The Linen Hall Library

Statement of cash flows for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities	23	126,936	54,912
Cash flows from investing activities			
Interest income		412	1,380
Purchase of tangible fixed assets		(29,711)	(57,224)
Cash used in investing activities		(29,299)	(55,844)
Cash flows from financing activities			
Interest and fees paid		(21,036)	(18,077)
Cash used in financing activities		(21,036)	(18,077)
Increase/(decrease) in cash and cash equivalents in the year		76,601	(19,009)
Cash and cash equivalents at the beginning of the year	24	113,718	132,727
Total cash and cash equivalents at the end of the year	24	190,319	113,718

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and The Charities (NI) Act 2008. The principal accounting policies, used consistently throughout, are set out below.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Incoming resources

All incoming resources are included in the statement of financial activities when the Library is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income

Legacies

Legacies are recognised when received or when their amount is capable of measurement.

Donations

Donations are included in full when received.

Grants

Revenue grants are credited to incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purpose of capital expenditure are credited to restricted incoming resources when receivable and transferred to unrestricted funds on purchase of asset.

Activities for generating funds

Voluntary income

Annual subscriptions are included as voluntary income and are accounted for on an accruals basis.

Other income

Other income is included in full in the Statement of Financial Activities when received.

Investment income

Investment income is accounted for when received.

Fundraising income

Fundraising income is accounted for when received.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Library operating costs

Library operating costs are those incurred in connection with administration of the Library and compliance with constitutional and statutory requirements.

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

1 Accounting policies (continued)

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Pensions

The Library operates a defined benefit scheme through the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for specific employees. The assets of the scheme are held separately from those of the Library.

The Library has adopted FRS 102 in these financial statements. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the Library's defined benefit pension scheme arising from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the statement of financial activities.

Tangible assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

		%
Buildings	-	2
Leasehold improvements	-	10
Fixtures & fittings	-	15
Computer equipment	-	33

When circumstances dictate, an impairment review is carried out. Land and buildings are revalued on a regular basis by a suitably qualified individual. The Library ensures that a full valuation is undertaken every five years. The resulting revaluation gains or losses are recognised in the statement of financial activities and result in a movement on revaluation reserves to the extent that they result in gains or offset previous gains. If the revaluation results in a loss greater than previously recognised revaluation gains, the excess loss will be charged to the statement of financial activities.

Heritage assets

The heritage assets are held by the Library in support of the primary objective of the charity to promote knowledge in Northern Ireland and for the benefit of international scholarship. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Library's policy on other fixed assets. The heritage assets held by the charity consist of various collections of books and periodicals covering a wide range of topics relating largely to Irish history including some documents over three hundred years old. The collections are carried at a current valuation. The collections are deemed to have indeterminate lives and a high residual value and therefore depreciation has not been charged. The carrying amounts of the assets are reviewed when there is evidence of impairment and any impairment is recognised in accordance with the Library's general policy on impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value.

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

1 Accounting policies (continued)

Fund accounting

The Library has various types of funds for which it is responsible and which require separate disclosure. A definition of the various types of funds is as follows:

Unrestricted funds

Funds which are expendable at the discretion of the Library, in furtherance of the purpose of the Library. In addition to expenditure on activities, such funds may be held in order to finance capital investment and working capital.

Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of overheads and support costs.

Endowment funds

Permanent endowment funds are restricted funds where a donor has specified that only income arising from the donation can be used by the Library. This income is restricted for the particular purpose specified by the donor.

Going Concern

The Governors believe it is appropriate that the financial statements for the Library are produced on a going concern basis due to the following:

- The Governors are confident that the Museums and Libraries Branch, within the Department for Communities, and Belfast City Council will continue their respective grant assistance to the Library for the foreseeable future.
- The Governors believe that Library membership will continue at current levels.
- The Library is committed to monitoring and controlling expenditure to ensure the long term viability of the charity.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

1 Accounting policies (continued)

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

2 Donations and legacies

	Endowment £	Unrestricted £	Restricted £	2017 £	2016 £
Donations	-	215,845	-	215,845	10,799
Members' subscriptions (see below)	-	135,914	-	135,914	135,403
Grants (see below)	-	292,000	336,960	628,960	634,444
	-	643,759	336,960	980,719	780,646

Members' subscriptions

	2017 £	2016 £
Members' subscriptions	119,648	121,261
Income tax reclaimable on subscriptions	16,266	14,142
	135,914	135,403

Grants

	Endowment £	Unrestricted £	Restricted £	2017 £	2016 £
Arts Council of NI	-	-	25,000	25,000	27,100
Heritage Lottery Fund	-	-	218,532	218,532	88,168
Ulster Garden Villages	-	-	30,600	30,600	61,200
Belfast City Council	-	35,000	-	35,000	109,777
Department for Communities	-	256,000	62,828	318,828	294,140
Foyle Foundation	-	-	-	-	25,000
Ulster Scots Agency	-	-	-	-	25,000
Community Relations Council	-	-	-	-	3,059
NIPR	-	1,000	-	1,000	1,000
	-	292,000	336,960	628,960	634,444

In accordance with recommended practice, income received in advance is not deferred, but recognised in the period in which it is received.

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

3 Other trading activities

	2017	2016
	£	£
Sale of books		
Library books and publications	40,394	38,408
Sales of services		
Coffee shop	7,081	7,553
Photocopying and fax	1,329	1,396
Telephone & Internet	730	768
Postage	69	54
Cultural programming	2,384	2,042
Royalties	2,284	750
Facility fees	12,593	15,911
Fundraising events	5,901	3,127
	32,371	31,601
Sale of products		
Books, prints and pamphlets	8,127	9,167
Other products	14,626	1,461
Gift shop items	9,780	7,585
	32,533	18,213
Total	105,298	88,222

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

4 Expenditure on raising funds

	2017	2016
	£	£
Merchandising costs (see below)	8,293	6,607
Book fund (see below)	12,257	11,578
Charity shop	24,350	21,731
Fundraising costs	527	1,697
	45,427	41,613
	2017	2016
	£	£
Merchandising costs		
Prints, books and pamphlets	1,771	1,374
Coffee shop purchases	442	2,367
Gift shop expenditure	6,080	2,866
	8,293	6,607
	2017	2016
	£	£
Book fund		
Irish	3,692	3,260
Reference	53	75
General	8,512	8,244
	12,257	11,578

5 Projects and events

	2017	2016
	£	£
Cultural Programming (includes salary costs of £22,500 (2016: £23,500))	29,011	26,904
Divided Society (includes salary costs of £174,838 (2016: £65,946))	300,496	91,428
NI Writers digitisation (includes salary costs of £Nil (2016: £25,100))	-	51,047
Health, Safety and Governance	6,392	14,033
Repairs and Renewals	12,083	58,330
TBUC Past, Present, Future (includes salary costs of £2,000 (2016: £8,965))	33,117	24,180
Burns in Ulster (includes salary costs of £18,000 (2016: £25,000))	20,290	25,000
Sustainability Planning (includes salary costs of £Nil (2016: £1,220))	-	12,420
Staging 1916	-	3,059
Writers on Writers	-	2,235
Defibrillator and training	241	241
McLavery Short Story Award	-	3,302
Theatre archive	92	-
Leasehold improvement depreciation	1,484	1,484
	403,206	313,663

Project and events costs include £217,338 (2016: £149,731) of staff costs.

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

6 Library operating costs

	2017	2016
	£	£
Administration expenses		
Stationery	2,265	1,299
Printing	9,070	7,758
Advertising & PR	4,341	5,214
Photocopying	5,608	6,501
Postage	1,842	4,950
Telephone, fax and internet	7,573	8,264
Computer maintenance	36,788	35,337
Training	5,359	3,332
Audit and related fees	7,533	6,629
Professional fees	22,213	13,447
Travelling expenses	2,054	1,489
Conservation	1,397	1,702
Bad debts	(1,717)	877
Miscellaneous	229	935
	104,555	97,734
Establishment		
Rent and rates	21,315	18,493
Insurance	16,337	16,050
Light and heat	19,842	17,186
Repairs and maintenance	38,416	42,647
	95,910	94,376
Financial expenses		
Bank charges	1,063	1,112
Bank interest	3,217	6,356
Visa paypoint fees	765	743
Other Interest	992	867
Other finance costs (see below)	15,000	9,000
	21,037	18,077
Depreciation		
Building	78,000	78,000
Fixtures and fittings	1,037	1,073
Computer equipment	8,745	3,485
	87,782	82,558
Staff costs (note 7)	601,205	487,185
Total	910,489	779,930

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

6 Library operating costs (continued)

Other finance costs

	2017	2016
	£	£
Expected return on pension scheme	126,000	138,000
Interest on pension scheme liabilities	(141,000)	(147,000)
Net return	(15,000)	(9,000)

7 Staff costs

	Unrestricted	Restricted	Total	Total
	£	£	2017	2016
			£	£
Salaries	409,622	178,971	588,593	498,309
Social security costs	39,727	10,519	50,246	31,724
Pension costs	172,742	27,848	200,590	124,848
	622,091	217,338	839,429	654,881

Analysis of staff costs

	2017	2016
	£	£
Project staff	217,338	149,731
Library:		
- Charity Bookshop staff	20,886	17,965
- Administration staff	601,205	487,185
	839,429	654,881

The average number of employees, calculated on a full time equivalent basis, analysed by function was:

	2017	2016
	Number	Number
Charitable activities	22	20

No employees had employee benefits (excluding employer pension costs) in excess of £60,000 (2016: £60,000).

Governors are not remunerated for services to the Library (2016: £Nil).

The key management personnel of the Library comprise the Governors, the Director, the Librarian and the Finance Manager. The total employee benefits of the key management personnel of the Library were £178,520 (2016: £171,058).

One staff post was made redundant in 2017 at a cost of £10,675.

Indemnity insurance for Governors' liability has been purchased by the Library at a cost of £3,416 (2016: £3,355).

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

8 Net income/(expenditure)

	2017	2016
	£	£
Net income/(expenditure) is stated after charging:		
Depreciation on owned assets	107,982	98,302
Auditors' remuneration:		
- audit services	5,751	5,522
- non-audit services	-	-
Other operating lease rentals	-	-

9 Transfers between funds

	Endowment Funds £	Unrestricted Funds £	Restricted Funds £
Projects	-	-	(5,242)
General Fund	-	5,242	-
	-	5,242	(5,242)

10 Tangible fixed assets

	Land & building £	Leasehold Improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2017	3,900,000	14,840	181,987	220,349	4,317,176
Additions	-	-	29,711	-	29,711
At 31 December 2017	3,900,000	14,840	211,698	220,349	4,346,887
Accumulated depreciation					
At 1 January 2017	156,000	11,872	157,468	188,770	514,110
Charge for the year	78,000	1,484	9,432	19,066	107,982
At 31 December 2017	234,000	13,356	166,900	207,836	622,092
Net book amount					
At 31 December 2017	3,666,000	1,484	44,798	12,513	3,724,795
At 31 December 2016	3,744,000	2,968	24,519	31,579	3,803,066

The Library's freehold and long leasehold properties were revalued at 31 December 2014 on the basis of open market value and open market rental value for existing use by McConnell Chartered Surveyors. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors in the United Kingdom. The net book value of freehold and long leasehold properties at 31 December 2016 based on historical cost, had there been no revaluations, would have been £2,824,800 (2016: £2,910,400).

Fixed assets totalling £29,711 were purchased through capital grant funding in the year.

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

10 Tangible fixed assets (continued)

	Land & building £	Leasehold improvement £	Office Equipment £	Computer Equipment £	Total £
Cost or valuation at 31 December 2017 is represented by					
Cost	-	14,840	211,698	220,349	446,887
Valuation	3,900,000	-	-	-	3,900,000
	3,900,000	14,840	211,698	220,349	4,346,887

No deferred tax has been provided for since the Library is a charity and therefore not subject to corporation tax.

11 Heritage assets

	2017 £	2016 £
Books and Periodicals at 31 December	2,734,000	2,734,000

The books and periodicals were valued in 2014 by Mr Peter Rowan, P & B Rowan, Antiquarian Booksellers.

12 Stocks

	2017 £	2016 £
Goods for resale	7,024	11,482

13 Debtors

	2017 £	2016 £
Trade debtors	23,189	146,223
Other debtors	60	143
Prepayments and accrued income	46,794	57,547
	70,043	203,913

Included in Prepayments and accrued income is an amount of £Nil (2016: £17,500) relating to accrued grants receivable.

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	83,859	164,124
Trade creditors	93,196	91,827
Other creditors	25,031	59,047
Accruals and deferred income	84,750	83,149
	286,836	398,147

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

15 Contingent liability

An historical, unreconciled amount of £8,038 was included within the Value Added Tax liability at 31 December 2016. This is no longer considered to be liability and has been written off at 31 December 2017.

16 Unrestricted funds

	General Fund £	Revaluation Fund £	Total £
Balance at 1 January 2017	(421,791)	6,140,162	5,718,371
Net outgoing resources for the year	(131,706)	-	(131,706)
Transfer from restricted funds	5,242	-	5,242
Actuarial losses on defined benefit scheme	520,000	-	520,000
Balance at 31 December 2017	(28,255)	6,140,162	6,111,907

Unrestricted general funds includes a liability of £58,422 (2016: £489,422) in respect of pension scheme liabilities of the pension fund.

17 Restricted funds

	Balance at 1 January 2017 £	Incoming Resources £	Project Expenditure £	Transfers £	Balance at 31 December 2017 £
Cataloguing	46	-	-	(46)	-
Hidden Connections	5,834	-	-	(5,834)	-
Leasehold Improvements Capital grant	2,968	-	(1,484)	-	1,484
Cultural Programming	-	25,000	(29,010)	4,011	-
McLavery Trust	12,237	-	-	-	12,237
Theatre Archive	3,230	-	(92)	-	3,138
Divided Society Digitisation	71,496	249,132	(300,496)	-	20,132
TBUC Past, Present & Future	-	33,117	(33,117)	-	-
Burns in Ulster	20,000	-	(20,290)	290	-
Health, Safety and Governance	26,346	-	(6,392)	-	19,954
Repairs and Renewals	16,447	29,711	(12,083)	-	34,075
Defibrillator and Training	1,759	-	(241)	-	1,518
Computers	3,663	-	-	(3,663)	-
	164,026	336,960	(403,205)	(5,242)	92,538

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

17 Restricted funds (continued)

Cataloguing - Funds towards enhancing access to unique resources

Hidden Connections - Programme to mark the bicentenary of the abolition of slavery and to increase the understanding of Northern Ireland's relationship with the slave trade

Leasehold Improvements Capital grant – Capital grant for leasehold improvements

Cultural Programming - Using the Library's historical position as a cultural leader in Northern Ireland to showcase and nurture the artistic and cultural life of all in the community

McLaverly Trust - Biennial award to foster and encourage the art of the short story in Ireland.

Theatre Archive - Digitising the Theatre and Performing Arts Archive

Divided Society Digitisation – Project to digitise and make available online parts of the Northern Ireland Political Collection

TBUC The Past, Present & Future – Together Building United Communities provided funding for a photography project for community groups from the new minor ethnic community

Burns in Ulster – Conservation of the Library's Gibson Collection

Health & Safety and Governance – Capital items for purposes of health & safety and governance

Repairs and Renewals – Information Technology upgrade, new sound and lighting in the performance area, repairs to stonework at the front door, closed circuit television and new air conditioning units in archive rooms

Defibrillator and Training – Provision of defibrillator in the Library's city centre location and training of staff in its use

Computers – Information Technology funding received

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

18 Endowment funds

	Balance at 1 January 2017 £	Income £	Transfers £	Balance at 31 December 2017 £
McLavery Trust	60,385	-	-	60,385
Catalyst Endowment Fund	199,852	-	-	199,852
Linen Hall Library Fund	100	-	-	100
	260,337	-	-	260,337

19 Analysis of net assets between funds

	Endowment Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 December 2017 are represented by:				
Tangible fixed assets	-	3,669,352	55,443	3,724,795
Heritage assets	-	2,734,000	-	2,734,000
Net current assets/(liabilities)	260,337	(233,023)	37,095	64,409
Pension Liability	-	(58,422)	-	(58,422)
Total net assets at 31 December 2017	260,337	6,111,907	92,538	6,464,782

20 Financial commitments

At 31 December the Library had annual commitments under non-cancellable operating leases expiring as follows:

	Office equipment	
	2017 £	2016 £
In less than one year	3,182	3,700
In more than one year, but not more than 5 years	5,143	7,600
	8,325	11,300

21 Related parties

The Library is Lead Partner in The National Collection of Northern Ireland Publications (NIPR). The one part-time employee of NIPR based at the Linen Hall was employed and paid for by NIPR. The Library received £1,000 (2016: £1,000) from NIPR as its contribution to the cost of running the integrated library system.

22 Post-balance sheet events

There have been no events occurring after 31 December 2017 which require disclosure.

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

23 Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net movement in funds	322,048	(231,822)
Add back depreciation charge	107,982	98,302
Deduct net gain on revaluations of fixed assets	-	-
Deduct interest income shown in investing activities	(412)	(1,380)
Add back interest paid shown in financing activities	21,036	18,077
Decrease (increase) in stock	4,458	390
Decrease (increase) in debtors	133,870	(127,729)
Increase (decrease) in creditors falling due within one year	(31,046)	40,074
(Decrease) increase in pension liability	(431,000)	259,000
Net cash provided by operating activities	126,936	54,912

24 Cash and cash equivalents at 31 December

	2017 £	2016 £
Deposit account at Barclays Bank	201,890	201,404
Current account at Barclays Bank	-	267
Term deposit at Danske Bank	60,626	60,385
Petty cash	249	83
Divided Society current account at Danske Bank	11,415	15,708
Belfast City Council grant current account at Danske Bank	(2)	(5)
Bank overdraft at Danske Bank	(83,859)	(164,124)
Total cash and cash equivalents	190,319	113,718

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

25 Pension commitments

The Library operates a defined benefit scheme with assets held in separate trustee administered funds.

An actuarial valuation of the defined benefit pension scheme using the projected unit basis was carried out at 31 December 2017 by Xafinity Consulting, independent consulting actuaries.

Defined benefit scheme

The amounts recognised in the statement of financial position are as follows:

	2017	2016
	£'000	£'000
Defined benefit obligation	(5,028)	(4,980)
Fair value of plan assets	4,969	4,490
Net defined benefit liability	(59)	(490)
Net amount recognised at year end	(59)	(490)

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expenses for the year are included in profit or loss. Re-measurements of the net defined benefit liability are included in other comprehensive income.

	2017	2016
	£'000	£'000
Service cost:		
Current service cost (net of employee contributions)	197	124
Administration expenses	2	1
Net interest expense	15	9
Charge recognised in profit or loss	214	134

Re-measurements of the net liability:

Return on scheme assets (excluding amount included in net interest expense)	(288)	(545)
Actuarial (gains)/losses	(232)	765
(Credit)/charge recorded in other comprehensive income	(520)	220
Total defined benefit (credit)/cost	(306)	354

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

25 Pension commitments (continued)

The principal actuarial assumptions used were:

	2017	2016
Liability discount rate	2.64%	2.79%
Inflation assumption – RPI	3.19%	3.25%
Inflation assumption – CPI	2.09%	2.15%
Rate of increase in salaries	3.59%	3.65%
Revaluation of deferred pensions: CPI	2.09%	2.15%
Increases in pensions for payment	2.09%	2.15%
Proportion of employees commuting pension for cash	75.00%	75.00%

The mortality assumptions used were:

	31 December 2017	31 December 2016
Average expected future life at age 65 for		
Male currently aged 65	23.2	22.3
Female currently aged 65	25.8	24.8
Male currently aged 45	25.4	24.5
Female currently aged 45	28.1	27.2

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At start of period	4,490	(4,980)	(490)
Benefits paid	(94)	94	-
Administration expenses	(2)	-	(2)
Current service cost	-	(197)	(197)
Contributions from the employer	125	-	125
Contributions from employees	36	(36)	-
Interest income/(expense)	126	(141)	(15)
Return on assets (excluding amount included in net interest expense)	288	-	288
Actuarial losses	-	232	232
	4,969	(5,028)	(59)

The Linen Hall Library

Notes to the financial statements for the year ended 31 December 2017

25 Pension commitments (continued)

The return on plan assets was:

	2017	2016
	£'000	£'000
Interest income	126	138
Return on plan assets (excluding amount included in net interest expense)	288	545
Total return on plan assets	414	683

The major categories of scheme assets are as follows:

	2017	2016
	£'000	£'000
Equities and Alternatives	3,647	3,256
Property	646	673
Gilts	611	157
Cash	65	-
Fixed Interest Bonds	-	404
	4,969	4,490