

PUBLIC LENDING RIGHT

CENTRAL FUND ACCOUNT 2001-2002

FOREWORD

These are the accounts for the nineteenth year of the Public Lending Right (PLR) Central Fund and cover the annual payments made to authors in February 2002.

History and Statutory Background

The Public Lending Right Act 1979 established a right for authors to receive remuneration from public funds in respect of their books lent out from public libraries. The calculation of library loans is estimated from a sample of public libraries where issues are recorded electronically and processed by local authority computers before transmission to the Registrar's computer at Stockton-on-Tees: for the nineteenth year's calculations the number of library authorities in the sample was 30.

The details of eligible books, eligible authors, and payment calculations are set out in The Public Lending Right Scheme 1982, as amended in 1983, 1984, 1988, 1989 and 1990. The consolidated text appears in Statutory Instrument 1990 No 2360. Further amendments were made in Statutory Instruments 1991 No 2618, 1993 No 799, 1996 No 3237, 1997 No 1576, 1998 No 1218, 1999 Nos 420, 905, 3304, 2000 Nos 933, 3319, 2001 No 3984.

The Public Lending Right Advisory Committee advises the Secretary of State for Culture, Media and Sport and the Registrar on the operation of the Scheme but has no formal responsibility for PLR. Appointments to the Committee are made by the Secretary of State. Details of the Committee's membership at 31 March 2002 are provided in Annex A.

Review of Activities

The nineteenth year's operations will be described in the PLR Annual Report which includes the statutory report on the operation of the Scheme laid before Parliament by the Secretary of State for Culture, Media and Sport.

a) Operating Charges

In line with our IT Strategy we made significant further progress towards the conversion of PLR system functions to a Windows environment and to meeting the government's e-business targets. Both initiatives are aimed at improving the efficiency and cost-effectiveness of our management of the PLR Scheme. On the former front the focus over the last year has been on the systems in place for the collection of loans data from sample library authorities. Existing data processing procedures have been reviewed and streamlined; all but two sample authorities now send data directly to PLR by e-mail; and an external statistical review of the Scheme's sampling provisions has recommended changes to simplify its administration and improve its representativeness. E-business achievements have included the in-house development of a PLR intranet (OSCAR) which has simplified access to, and updating of, a wide range of planning, IT, Human Resources and other information.

b) Payments to Authors

PLR's funding was increased to £5.2 million (£5.15 million in 2000-2001). It proved possible to increase the level of the Rate Per Loan for the February 2002 payments to authors to 2.67 pence, the highest figure to date (2.49 pence in 2000-2001). Following the extension of the Scheme in July 2000, payments were made for the first time to authors resident in European Economic Area countries. A total sum of £4,505,758 was

paid out to 17,581 authors. 75% of the Fund was distributed in payments of £500 or more. A major questionnaire survey undertaken by the PLR office during the year found that 90% of registered authors regarded their PLR payments as important to their livelihoods.

17,581 authors and assignees (17,678 in 2000-2001) qualified for payments. The numbers of authors in various payment categories were as follows:-

	Nineteenth Year	Eighteenth Year
Authors Earning:		
£6,000.00	127	58
£5,000.00 - £5,999.99	42	101
£2,500.00 - £4,999.99	272	255
£1,000.00 - £2,499.99	584	616
£500.00 - £999.99	750	748
£100.00 - £499.99	3,400	3,502
£50.00 - £99.99	2,425	2,526
£5.00 - £49.99	<u>9,981</u>	<u>9,872</u>
	<u>17,581</u>	<u>17,678</u>
Expenditure	4,505,758	4,477,110

Expenditure includes £29,958 still to be paid at the year end. These authors' addresses are unknown to PLR, or their assignees have not made probate claims. A further £9,666 is a separate provision which is used to supplement the central fund. There were 16,331 (12,219 in 2000-2001) authors whose books earned no payment.

An analysis of the distribution of money for the Nineteenth Year to authors by payment category shows:

	£	%
£6,000.00	762,000	16.91
£5,000.00 - £5,999.99	231,097	5.13
£2,500.00 - £4,999.99	960,598	21.32
£1,000.00 - £2,499.99	904,198	20.07
£500.00 - £999.99	526,978	11.69
£100.00 - £499.99	760,472	16.88
£50.00 - £99.99	171,954	3.82
£5.00 - £49.99	<u>188,461</u>	<u>4.18</u>
	<u>4,505,758</u>	<u>100.00</u>

Market Value of Land and Buildings

No land or buildings are owned.

Fixed Assets

No funds are accumulated for the replacement of assets. Future replacement will need to be financed from funds voted in the year of acquisition.

Movement on fixed assets are set out in note 6 to the financial statements.

Payment of Creditors

The Registrar adheres to the government-wide standard for payment of bills by aiming to settle all bills within thirty days. In 2001-2002, 98% of creditor invoices were paid within 30 days of being received (2000-2001, 95%). Every effort is also made by PLR to effect payments to authors on the annual date fixed by the Registrar. However, as a result of failure by authors to notify PLR of changes in address or bank details, and of other circumstances outside the control of the Registrar, it may not always be possible to make payment. In such cases, the Registrar is required to hold payments as debts due to the authors concerned for up to six years during which period all reasonable efforts are made by PLR to effect payment.

Results and Appropriations

The Public Lending Right Act 1979 provides for a maximum limit on the Government grant to the Fund and a procedure to change this maximum. For 2001-2002 the limit was £5,201,000 and £5,201,000 was made available. In addition, £13,000 was carried forward from the 2001-02 grant. In 2002-03 the PLR fund will be increased to £7,001,000. The Fund is distributed after deduction of the Registrar's remuneration, administrative costs, and payments to local authorities. In 2001-2002 £4,505,758 was distributed to authors at a rate of 2.67 pence per loan. The surplus for the year was £26,144 and the surplus carried forward was £15,803.

Future developments

During the year DCMS initiated a Quinquennial Review of the PLR Scheme and of its administration by the Registrar and his staff. The review is being led by an external reviewer appointed by DCMS and work undertaken so far has included a public consultation exercise. A report and recommendations relating to the future of the Scheme are expected later in 2002. Progress was made by DCMS and Treasury in clearing the way for the transfer of PLR's pension schemes for staff and the Registrar to the PCSPS. PLR has budgeted for the transfer to take place during 2002-2003.

Registrar's Salary and Superannuation

As specified in the Act, the Registrar's own remuneration, superannuation costs and pension payments to his predecessor are charged directly against the £5,201,000 grant made available. As they are not made from the Central Fund, they do not appear in these accounts. A reconciliation to the grant received is shown at note 2. In 2001-2002 the total deduction was £65,058 (2000-2001 £64,829).

Superannuation

Public Lending Right staff are eligible for membership of its "pay-as-you-go" statutory unfunded pension scheme. In accordance with Section 40 of the Social Security Pensions Act 1975 such schemes are exempted from the need to set up funds. The liability to pay pensions is underwritten by an understanding that in accordance with existing legislation, in particular the Superannuation Act 1972, the Government is obliged to provide benefits to members of such schemes in accordance with their respective rules.

The PLR pension scheme provides retirement and related benefits with conditions and contributions similar to those of the Principal Civil Service Pension Scheme. The costs of paying pensions are charged to the Central Fund as they arise.

Staffing Matters

The Registrar of Public Lending Right is committed to promoting effective consultation and communications with his staff. PLR's Corporate and Author Services Teams have regular staff meetings at which matters relating to PLR's activities are discussed. Additionally, staff are briefed on matters discussed at senior management and planning meetings. PLR recognises the Public and Commercial Services Union for the purpose of collective bargaining.

The Registrar of Public Lending Right makes every effort to employ disabled people in suitable employment and gives full and fair consideration to applications for employment of disabled people.

Organisation

The Public Lending Right organisation comprises Corporate and Author Services Teams. A new post of Assistant Registrar was created during the year to take responsibility for the day-to-day running of the PLR office. This is to free the Registrar to concentrate on strategic and developmental issues. Team Leaders report to the Assistant Registrar.

Performance Indicators

As part of the Funding Agreement with the Department for Culture, Media and Sport, the Registrar of Public Lending Right has identified one financial measure related to the organisation's aims. Details of actual result against target are set out in note 20.

Auditors

The audit of Public Lending Right is carried out by the Comptroller and Auditor General under section 2(6) of the Public Lending Right Act 1979.

J G PARKER
Registrar

July 2002

Annex A

PLR Advisory Committee

The members of the Advisory Committee during the year were:

Ms Clare Francis (Chairman)

Dr James Parker (Registrar of PLR)

Ms Theresa Breslin (*Appointment Renewed 18.3.02*)

Ms Gill Coleridge (*Date of Appointment 29.10.01*)

Dr Maggie Gee

Ms Hilary Mantel

Ms Miranda McKearney

Mr Terry Turner

PLR Audit Committee

The members of the Audit Committee during the year were:

Mr Mike Paterson (Chairman)

Mr David Bothamley

Dr James Parker

RESPONSIBILITIES OF THE REGISTRAR AND DCMS ACCOUNTING OFFICER

Under section 2(6) of the Public Lending Right Act 1979, the Registrar is required to prepare a statement of accounts for the Public Lending Right Central Fund for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport, with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Central Fund's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Registrar is required to:

observe the accounts direction issued* by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

make judgements and estimates on a reasonable basis;

state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;

prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Central Fund will continue in operation.

The Accounting Officer of the Department for Culture, Media and Sport is the Accounting Officer for payments to the Registrar.

Under Section 2(1) of the Public Lending Right Act 1979, the Central Fund is placed under the management and control of the Registrar who is also responsible for the keeping of proper records. The Accounting Officer of the Department for Culture, Media and Sport has designated the Registrar as the Accounting Officer for the use of, and expenditure from, the Central Fund. As Accounting Officer he has overall responsibility for the propriety and regularity of the Public Lending Right Central Fund finances for which he is answerable to Parliament and for the keeping of proper records. His responsibilities as Accounting Officer are set out in the Accounting Officer's Memorandum issued by the Treasury and published in Government Accounting.

* A copy of the accounts direction can be obtained from the following address: Public Lending Right, Richard House, Sorbonne Close, Stockton-on-Tees TS17 6DA.

J G PARKER

Registrar

July 2002

STATEMENT ON INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of PLR policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting and ensuring compliance with the requirements of PLR's Management Statement and Financial Memorandum.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of PLR policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. We have the procedures in place to implement Treasury guidance but require until March 2003 to fully embed the processes.

We have held a risk management workshop, attended by representatives of all grades of staff throughout the organisation during which we identified our objectives and risks and determined a control strategy for each of the significant risks. As a result of this workshop, a risk management policy document has been sent to all staff setting out PLR's attitude to risk to the achievement of its objectives.

The Registrar's Planning Group has changed its agenda so that risk management and internal control will be considered on a regular basis during the year and there will be a full risk and control assessment before reporting on the year ending 31 March 2003. Risk management has been incorporated more fully into PLR's corporate planning and decision making processes.

PLR employs internal auditors who operate to standards defined in the Government Internal Audit Standards. They submit regular reports which include an independent opinion on the adequacy and effectiveness of PLR's system of internal control together with the recommendations for improvement.

The Audit Committee receives periodic reports from PLR's internal auditors concerning internal control. The internal auditors work closely with PLR's managers on the steps needed to manage risks in their areas of responsibility.

Following the introduction in January 2001 of PLR's strategic risk framework, further work has been done to widen the basis of the framework and to bring about more consistency in the way in which PLR treats risks. PLR needs to further develop the link between risk and the achievement of corporate objectives.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and PLR's executive managers 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 other reports.

J G PARKER
Registrar

July 2002

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements on pages 9 to 21 under the Public Lending Right Act 1979. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 12.

Respective responsibilities of the Registrar, the Accounting Officer of the Department for Culture, Media and Sport and Auditors

As described on page 6 the Accounting Officer of the Department for Culture, Media and Sport, has responsibility for payments into the Public Lending Right Central Fund and to the Registrar. The Registrar, as Accounting Officer for the use of and expenditure from Public Lending Right Central Fund, is responsible for the preparation of the financial statements in accordance with the Public Lending Right Act 1979 and directions made thereunder by the Secretary of State for Culture, Media and Sport and for ensuring the regularity of financial transactions. The Registrar is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Public Lending Right Act 1979 and directions made by the Secretary of State for Culture, Media and Sport thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report, if in my opinion, the Foreword on pages 1 to 5, is not consistent with the financial statements; if the Public Lending Right has not kept proper accounting records; or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 7 reflects the Public Lending Right's compliance with the Treasury's guidance 'Corporate Governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence to the amounts of disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Registrar in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund'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 error, or by fraud or other irregularity and that, in all material respects, the expenditure and income 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 of the state of affairs of the Public Lending Right Central Fund at 31 March 2002 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Public Lending Right Act 1979 and with the directions made thereunder by the Secretary of State for Culture, Media and Sport.
- in all material respects the expenditure and income 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
22 July 2002

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

The maintenance and integrity of PLR's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

PUBLIC LENDING RIGHT CENTRAL FUND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002**

			<u>2001-02</u>	<u>2000-01</u>
INCOME	Notes	£	£	£
HMG Grant	2	5,148,942		5,072,171
Less: Transferred to Government Grant Reserve	3	(17,605)		(8,062)
			<hr/> 5,131,337	<hr/> 5,064,109
Other Operating Income	4		126,268	41,354
			<hr/> 5,257,605	<hr/> 5,105,463
EXPENDITURE				
Staff Costs	5	(326,189)		(297,596)
Depreciation	6	(121,259)		(40,070)
Other Operating Charges	7	(306,873)		(300,954)
Public Lending Right to Authors		(4,505,758)		(4,477,110)
			<hr/> 5,260,079	<hr/> 5,115,730
Operating Surplus/(Deficit)	8		(2,474)	(10,267)
Income from other activities – interest receivable		8,252		10,660
- pension account	9	22,021		4,241
			<hr/> 30,273	<hr/> 14,901
Surplus on ordinary activities before taxation			27,799	4,634
Corporation Tax	10		(1,655)	(2,148)
Notional Cost of Capital	17		(6,064)	(9,607)
Surplus/(Deficit) after Notional Costs			<hr/> 20,080	<hr/> (7,121)
Reversal of Notional Costs			6,064	9,607
Surplus for the Financial Year			<hr/> 26,144	<hr/> 2,486
Retained (Deficit) brought forward			(10,341)	(12,827)
Retained Surplus carried forward			<hr/> <hr/> 15,803	<hr/> <hr/> (10,341)

The income and expenditure relate to continuing activities.

The Fund has no recognised gains and losses other than those above and consequently no separate statement of total recognised gains and losses has been presented.

The notes on pages 12 to 21 form part of these accounts

PUBLIC LENDING RIGHT CENTRAL FUND

BALANCE SHEET AS AT 31 MARCH 2002

	Notes	£	<u>2001-02</u> £	<u>2000-01</u> £
FIXED ASSETS				
Tangible Assets	6		35,992	139,646
CURRENT ASSETS				
Debtors		2,871		1,998
Cash at Bank and In Hand		144,638		85,463
		147,509		87,461
CREDITORS				
Amounts falling due within one year	11	(122,040)		(86,448)
Net Current Assets			25,469	1,013
Total Assets Less Current Liabilities			61,461	140,659
FINANCED BY:				
CAPITAL AND RESERVES				
Government Grant Reserve	3		35,992	139,646
Public Lending Right Reserve	12		9,666	11,354
Income and Expenditure Account			15,803	(10,341)
			61,461	140,659

The notes on pages 12 to 21 form part of these accounts

Signed: J G Parker

Date: July 2002

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2002**

			<u>2001-02</u>	<u>2000-01</u>
	Notes	£	£	£
Net Cash (Outflow)/Inflow from Operating Activities	13		31,027	(4,756)
Returns on Investment and Servicing of Finance				
Interest Received		8,275		10,739
		<hr/>		<hr/>
Net cash Inflow from Returns on Investment and Servicing of Finance			8,275	10,739
Taxation				
Corporation Tax Paid			(2,148)	(2,281)
Capital Expenditure and Financial Investment				
Purchase of Fixed Assets		17,605		8,062
		<hr/>		<hr/>
Net Cash Outflow from Capital Expenditure and Financial Investment			(17,605)	(8,062)
Net Cash Inflow from Pensions Account			22,021	4,241
			<hr/>	<hr/>
Net Cash Outflow/Inflow before Financing			41,570	(119)
Financing				
Government Grant Applied to Capital	3	17,605		8,062
			<hr/>	<hr/>
Net Cash Inflow from Financing			17,605	8,062
			<hr/>	<hr/>
Increase in Cash	14		<u>59,175</u>	<u>7,943</u>

The notes on pages 12 to 21 form part of these accounts

**PUBLIC LENDING RIGHT CENTRAL FUND
NOTES TO THE ACCOUNTS AT 31 MARCH 2002**

NOTE 1 ACCOUNTING POLICIES

ACCOUNTING CONVENTION

These accounts are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act and Accounting Standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate.

ASSETS AND DEPRECIATION

Fixed assets are accounted for using modified historic cost accounting. However, adjustments to the net book value are only made where material and no such adjustments were made in 2001-2002.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less the estimated residual value of each asset, evenly over its expected useful life. Items under £1,000 are written off in the year of purchase. Items over £1,000 are depreciated evenly over 3 years for computer equipment and 5 years for fixtures and fittings. For 2000 - 2001 computer equipment was written off over 5 years. Up to 2000-01, software licences were capitalised. However, following revision of this policy during 2001-02 PLR decided that these licences would be more properly characterised as operating leases. Consequently the Accounts are restated to remove software licences from the balance sheet and to write-off in year of acquisition.

HMG GRANT

The capital element of the Grant from the Department for Culture, Media and Sport is credited to a Government Grant Reserve and released to revenue over the expected useful life of the relevant assets. The revenue element of the Grant is credited to income in the year to which it relates.

PENSIONS

Public Lending Right staff are covered by a "pay-as-you-go" statutory unfunded pension scheme with conditions and contributions similar to the Civil Service. It is intended to charge the Central Fund with the costs of paying pensions as and when they arise. Adjustments to the Fund are also made as appropriate in respect of transfer values relating to staff joining or leaving the scheme with accrued transferable benefits. Agreement has been reached with HM Treasury that deductions from salaries in respect of widows'/widowers' pension contributions and for 'added years' may be retained in the PLR Central Fund.

LEASES

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

NOTE 2 HMG GRANT

	<u>2001-02</u>	<u>2000-01</u>
	£	£
Grant for PLR (DCMS RfR1)	5,214,000	5,137,000
LESS Registrar's Costs	(65,058)	(64,829)
	<hr/>	<hr/>
Grant to Central Fund	5,148,942	5,072,171

For 2001-2002 the limit of government grant was £5,201,000. £13,000 was carried forward from 2000-2001.

The Registrar's Costs comprise the salary and National Insurance payments of the present Registrar, and pension payments to his predecessor. The Registrar's pension scheme is unfunded, and is administered in the same way as the PLR staff scheme.

The Registrar's contract was renewed for a period of five years from 1 August 2001.

The Registrar's total remuneration consisted of a basic salary of £51,672 plus a non-consolidated bonus of £3,010 (2000-2001 total emoluments were made up of £51,273 basic salary).

	Age	Salary (including Performance Pay)	Real increase in Pension at age 60	Total accrued pension at age 60 at 31.3.02
Dr James Parker	49	54,682	628 (1,106 in 2000-01)	6,885 (6,058 in 2000-2001)

NOTE 3 GOVERNMENT GRANT RESERVE

All capital expenditure (£17,605 in 2001-2002) is financed from HMG Grant. The Grant apportioned is treated in the accounts as a deferred credit. A proportion is transferred annually to the Income and Expenditure Account over the estimated useful life of the assets as Other Income to cover Depreciation.

	<u>2001-02</u>	<u>2000-01</u> restated
	£	£
Balance Brought Forward	139,646	172,815
Apportioned from HMG Grant	17,605	8,062
	<hr/>	<hr/>
Transferred to Income & Expend. A/C	157,251 (121,259)	180,877 (41,231)
	<hr/>	<hr/>
Balance Carried Forward	35,992	139,646
	<hr/> <hr/>	<hr/> <hr/>

NOTE 4 OTHER OPERATING INCOME

	<u>2001-02</u>	<u>2000-01</u> restated
	£	£
Transfer from Government Grant Reserve	121,259	41,231
Supplement from Public Lending Right Reserve (see Note 12)	5,000	-
Other	9	123
	<u>126,268</u>	<u>41,354</u>

NOTE 5 STAFF COSTS

	<u>2001-02</u>	<u>2000-01</u>
	£	£
Salaries	284,190	258,018
Employer's National Insurance	19,357	17,649
Superannuation	22,642	21,929
	<u>326,189</u>	<u>297,596</u>

5(i)	Average weekly number of full time staff employed in the year was	15	15
5(ii)	Employees receiving remuneration over £50,000	0	0
5(iii)	No members of the Advisory Committee or the Audit Committee have received remuneration, apart from reimbursement of travel expenses.		

NOTE 6 TANGIBLE FIXED ASSETS

	PLR Computer (restated)	Fixtures, Fittings & Equipment	TOTALS
	£	£	£
Cost			
Cost at 1 April 2001	241,696	49,435	291,131
Additions at Cost	2,465	15,140	17,605
Disposals	-	(1,153)	(1,153)
	<hr/>	<hr/>	<hr/>
Cost at 31 March 2002	244,161	63,422	307,583
	-----	-----	-----
Depreciation			
Depreciation at 1 April 2001	130,479	21,006	151,485
Charge for 2001-02	109,547	11,712	121,259
Less Charge on Disposals	-	(1,153)	(1,153)
	<hr/>	<hr/>	<hr/>
Depreciation at 31 March 2002	240,026	31,565	271,591
	-----	-----	-----
Net Book Value at 1 April 2001	111,217	28,429	139,646
	<hr/>	<hr/>	<hr/>
Net Book Value at 31 March 2002	4,135	31,857	35,992
	<hr/>	<hr/>	<hr/>

The financial effect of revaluing the fixed assets was considered to be immaterial and therefore they have been disclosed at their historic cost value.

NOTE 7 OTHER OPERATING CHARGES

	<u>2001-02</u>	<u>2000-01</u> restated
	£	£
Administration	105,356	107,238
Accommodation	114,065	76,456
Computer Operating Costs	30,862	40,682
Local Authorities	32,500	37,036
Consultants	24,090	38,381
Loss on disposal of Assets	-	1,161
	<hr/>	<hr/>
	306,873	300,954
	<hr/>	<hr/>

NOTE 8 OPERATING DEFICIT

		<u>2001-02</u>	<u>2000-01</u>
	Notes	£	£
The Operating (Deficit) of is stated after charging		(2,474)	(10,267)
Auditor's remuneration - Audit Fee		13,500	14,000
Operating Leases - Premises Rental	15	53,426	34,000
Computer Licences		22,587	22,587
Travel, Subsistence & Hospitality		<u>23,331</u>	<u>18,852</u>

NOTE 9 PENSION ACCOUNT

This comprises widow(er)'s contributions deducted from staff salaries and the Registrar's salary together with transfer payments into the PLR Pension Scheme.

NOTE 10 CORPORATION TAX

Corporation Tax is due on interest received.

	<u>2001-02</u>	<u>2000-01</u>
	£	£
Interest Receivable	8,252	10,660
Interest Received in Year	8,275	10,739
Corporation Tax @ 20% =	1,655	2,148

NOTE 11 CREDITORS:- AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2002</u>	<u>2001</u>
	£	£
Sundry Creditors	41,375	20,864
Corporation Tax	1,655	2,148
Public Lending Right - Unclaimed & Undistributed:		
95/96	-	3,682
(398 authors) 96/97	4,838	5,031
(200 authors) 97/98	7,567	7,890
(193 authors) 98/99	7,327	7,411
(223 authors) 99/00	10,915	11,822
(300 authors) 00/01	18,405	27,600
(400 authors) 01/02	29,958	-
	<u>122,040</u>	<u>86,448</u>

NOTE 12 PUBLIC LENDING RIGHT RESERVE

	Balance b/f 1.4.01	Transferred from Creditors: PLR Renounced or Undistributed after 6 years	Public Lending Right Paid	Charge to Income and Expenditure Account	Balance c/f 31.3.02
	£	£	£	£	£
PLR Reserve (a)	11,354	3,578	5,266	-	9,666

- (a) The Public Lending Right Reserve is to cover probable further claims for payment of PLR. This is a statutory right enforceable by law - authors have the right to demand payment from the Registrar. Amounts held as creditors and subsequently renounced by authors, or unclaimed and undistributed after six years are transferred to the Reserve. If this is insufficient to meet claims in the year, an appropriation is made from the Income and Expenditure Account. Under the arrangements of the Scheme any unclaimed payments due will lapse after six years. Such amounts are retained in the Reserve for the benefit of authors.

The Registrar considers that the Reserve carried forward is sufficient to meet probable claims.

NOTE 13

Reconciliation of Operating Deficit to Net Cash Outflow from Operating Activities

	<u>2001-02</u>	<u>2000-01</u> restated
	£	£
Operating Surplus/(Deficit)	(2,474)	(10,267)
Depreciation charge	121,259	40,070
Release from Government Grant Reserve	(121,259)	(41,231)
(Increase)/Decrease in debtors	(896)	(835)
Increase/(Decrease) in creditors	36,085	2,833
Increase/(Decrease) in PLR Reserve	(1,688)	3,513
Loss on disposal of fixed assets	-	1,161
	<hr/>	<hr/>
Net Cash Inflow/(Outflow) from Operating Activities	<u>31,027</u>	<u>(4,756)</u>

NOTE 14

Analysis of Changes in Net Funds

	Year ending 31 Mar 2002	Year ending 31 Mar 2001
	£	£
Balance at 1 April 2001 and 1 April 2000	85,463	77,520
Net Cash Inflow (Outflow)	59,175	7,943
	<hr/>	<hr/>
Balance at 31 March 2002 and 31 March 2001	<u>144,638</u>	<u>85,463</u>

Net funds comprise only cash at bank and in hand. There are no bank overdrafts or short-term investments.

NOTE 15 OPERATING LEASES

At 31 March 2002 the Public Lending Right had annual commitments under non-cancellable Operating Leases as set out below.

	<u>2001-02</u>	<u>2000-01</u> restated
	£	£
Operating Leases expiring within:		
One Year	-	-
In the Second to Fifth Years Inclusive	22,587	22,587
Over Five Years	55,225	52,440
	<u>55,225</u>	<u>52,440</u>

NOTE 16 CAPITAL COMMITMENTS

At 31 March 2002 there were no outstanding Capital Commitments (£nil at 31 March 2001).

NOTE 17 NOTIONAL COSTS

Notional cost of capital is calculated as 6% of average net assets for the year and amounts to £6,064 (2000-2001 £9,607).

NOTE 18 RELATED PARTY TRANSACTIONS

Public Lending Right is a Non-Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport. The DCMS is regarded as a related party. During the year PLR has had various transactions with other Government Departments and public sector bodies which can be summarised as follows:

British Library - provision of bibliographic data

Local authorities - provision of loan sample

None of the members of PLR's Advisory Committee, key managerial staff or other related parties has undertaken any material transactions with PLR during the year.

NOTE 19 CONTINGENT LIABILITIES

The Inland Revenue has still to decide on PLR's liability on non-deduction of tax for overseas authors.

NOTE 20 PERFORMANCE INDICATORS

The key performance indicator set by DCMS is to manage PLR efficiently, cost-effectively and in line with statutory and audit requirements, so as to maximise payments made to authors from the Central Fund; at the same time to support DCMS in the achievement of its overall aims for the cultural sector by prioritising those areas of PLR activity most relevant to the following DCMS objectives:

	Target	Actual
DCMS Objective 1	15,000	16,000
DCMS Objective 2	703,000	709,000
DCMS Objective 4	<u>4,483,000</u>	<u>4,505,000</u>
	5,201,000	5,230,000 ¹

DCMS Objective 1: reflects costs of Registrar's international PLR development work in support of DCMS's objective to promote abroad the UK's expertise in cultural activities; DCMS Objectives 2 and 4: reflect PLR's support for libraries and authors in furtherance of DCMS objectives to broaden access for all to cultural life and encourage the achievement of excellence.

¹ Includes £24,000 carried forward from 2000-2001 and £5,000 brought across from the PLR Provision, and expended in the management of the Scheme and in support of DCMS objectives.

NOTE 21 PENSION LIABILITY

During 2002-2003, PLR will transfer its existing pension fund members and eligible employees to the PCSPS under the same terms and conditions that apply with the current pension scheme. The funding for this transfer will not be met by PLR's own resources, although PLR will be liable to pay Accruing Superannuation Liability Contributions to the PCSPS rather than the pension disbursements currently met from HMG grant.

The Government Actuaries Department valued PLR's pension scheme liability. As at 31 March 2002, the value of the pension liabilities of PLR's scheme was £1,290,300. GAD assumed a discount rate net of price increases of 3.5% per annum in calculating the pension liabilities.

NOTE 22 DERIVATIVES

The Public Lending Right has no borrowings and relies primarily on departmental grants for its cash requirements. It is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.