

2007 - 08

Report on the
Public Lending Right
Scheme
and
Central Fund Account



Contents

Preface

The Secretary of State for Culture,
Media and Sport

Registrar's Annual Review

Overview	7
Author Services	8
a) Author and Book Registration	
b) Loans Data Collection	
Table 1: Library Sample	
Corporate Services	10
a) Finance	
b) Human Resources	
c) Accommodation	
d) Sustainability	
Payments to Authors	11
Table 2: Payment Distribution	
Information and Communication Technology	12
a) Online Registration System	
b) Records Management	
c) Loans Enquiry Web Information System	
Summary of Performance against Funding Agreement Targets	13
Delivery Plan	14
Advisory Committee and Development of the Scheme	14
PLR Central Fund Account 2007-08	15

Public Lending Right

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Public Lending Right Annual Report and Account 2007-2008

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Media and Sport, on the PLR Scheme 2007-08,
incorporating the Registrar's Annual Review,
presented to Parliament pursuant to Section 3(8)
of the Public Lending Right Act 1979; Account,
of the Public Lending Right Central Fund,
presented to Parliament pursuant to Section 2(6)
of the PLR Act 1979, for the year ended 31
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Preface

I have pleasure in laying before Parliament this Report on the operation of the Public Lending Right Scheme for 2007-08.

Reading is a crucial skill which has the power to transform people's lives. Whether we read for education or entertainment, reading transports us beyond the familiar and with broader horizons we become more engaged and productive citizens. By fostering a love of the written word we can encourage everyone to play an active part in our changing and evolving society.

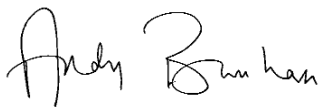
Our public libraries are therefore as important as they have ever been, providing free access to reading material and information for everyone. By linking author to reader PLR forms the important and final part of the cycle back to the creator and gives them two important incentives: the annual payment that compensates authors for the free loan of their work in public libraries, and recognition by an audience. It is therefore not surprising that the number of recipients continues to grow, with the highest ever number – 23,940 – qualifying for payment in this, its 25th year, and I hope that this will continue to grow as we move into the National Year of Reading 2008.

DCMS values the support that PLR provides to the country's authors, and my department's funding of the Scheme shows our commitment to helping creative talent to flourish in the UK. Surveys on the Scheme's operation conducted by the Registrar and his team continue to show high levels of satisfaction among authors and librarians. The PLR office have worked with these two important constituencies during this year to develop a new online registration

system – which is proving both effective and efficient – and to complete work on PLR's unique archive of book borrowing trend data, which is helping the library community to better understand their users' needs.

An important part of the Registrar's remit is to ensure that awareness of PLR extends into all our writing communities, and this year the Registrar and Advisory Committee have taken particular steps to encourage authors from Black and Minority Ethnic backgrounds to register. Capturing loans data from public library authorities that are representative of our multi-cultural society also ensures PLR payments reflect as accurately as possible the wider reading tastes of our population.

I would like to thank Jim Parker and his team at the PLR office for all their hard work in managing PLR, and also express my gratitude to Simon Brett and the members of the PLR Advisory Committee for the support and advice they provide.



Rt Hon Andy Burnham MP
Secretary of State for Culture, Media
and Sport

Overview

Our primary function over the last twelve months has been to administer the PLR Scheme efficiently, cost-effectively and fairly, with the emphasis, as always, on providing authors with the best service possible. The Scheme works to an annual cycle of registering new authors and books, collecting and processing loans data from the public library authorities in our statistical sample, and calculating and distributing payments. However, the Scheme does not operate in isolation and we are conscious that we have a responsibility as a DCMS-funded body to support the achievement of the Department's wider aims for the culture sector as a whole.

The PLR Act 1979 gives the Registrar sole corporate responsibility for the PLR Scheme. The PLR Advisory Committee provides advice to the Registrar and DCMS Ministers on aspects of the Scheme's operation. The day-to-day management of the Scheme has been undertaken by Author and Corporate Services teams reporting through managers to the Assistant Registrar. Our performance is measured against a number of key performance objectives which are included in our Funding Agreement with DCMS. These are described in more detail in the Report.

This was the last year of our 2005-08 Funding Agreement and Efficiency Delivery Plan agreed with DCMS. Our key targets for the year related to the running costs of the Scheme, and completion of the various parts of the annual PLR cycle which are essential if authors are to be paid accurately and on time in February. We achieved our running costs target of £803,000 and completed the collection of loans data and registration of new authors and books in line with the Scheme's timetable. Some £6.66 million was distributed in payments to almost

24,000 authors, an increase of 4%.

As the Scheme continues to grow and develop, a further 1,409 new authors registered by 30 June 2007 to qualify for payment in 2008, an increase of 4%. The enhancements to our electronic registration service have played a significant role in contributing to this growth as have various promotional initiatives that we have undertaken as part of our marketing strategy. 61% of first-time registrations are now received online and 67% of subsequent book registrations are also received electronically. We have successfully re-designed the system to take on board suggestions made by authors to improve functionality and extend the facilities available to them.

We have made significant progress in identifying new areas of administration where we can improve efficiency and find further savings in the running costs of the Scheme. Having reviewed our accommodation needs we have been able to renegotiate our lease and reduce our occupancy. This is providing savings in excess of 20% on overall accommodation costs. Adoption of the government procurement card for a wide range of purchases and changing our pensions administrator has provided further savings. These and other planned efficiencies have been essential in our preparations to meet the spending targets included in our Funding Agreement with DCMS for the next three years.

PLR's marketing strategy is central to our planning process and aims to ensure that authors from all backgrounds have an opportunity to benefit from the Scheme. Activities this year included the publication of the first volume in our new *Writers Talk* series. Articles by the Registrar and invited authors provided an insight into the

operation of PLR, its future priorities and its importance in the broader context of authors' rights.

Author Services

Author and Book Registration

Applications for PLR registrations have continued to increase during the year. Over 7,000 applications and related transactions were received and processed by 30 June 2007. This included 264 assignments, where the ownership of PLR was passed on to a beneficiary, and 253 renunciations where authors decided to rescind their registration.

Authors must apply for registration and submit their PLR applications either electronically or on our standard printed application form. These applications need to be received here at the PLR office before the end of the PLR year on 30 June. To qualify for PLR authors must be resident within the European Economic Area and fulfil the Scheme's requirements for eligibility.

The launch of our in-house version of the online registration system and the subsequent work to make annual statements available online to registered authors in February 2008 has proved very popular with authors. We continue to encourage the use of the new service and there are now over 6,000 active online users. Although feedback is very positive, we are aware that there are registered authors who prefer to submit printed forms. We will maintain a paper-based system for them while continuing to promote the advantages of the online system with new authors.

The Author Services team work hard to provide authors with the best possible service dealing with enquiries and registrations efficiently, effectively and in a helpful manner. We are always pleased to receive feedback and are committed to following up suggestions for improvements and to resolving any problems which may occur. Each year we set demanding customer service standards for quality and accuracy of

service and measure these against responses received from feedback collected during the year from authors. These are set out later in the Report under Funding Agreement targets. In the year to 30 June 2007 we exceeded the 95% author satisfaction target with a rating of 99%. 67% of respondents rated the service as excellent. Details of our customer satisfaction surveys can be found on our website.

Diversity has been highlighted by DCMS ministers as a key issue for the cultural sector. We will continue to look for opportunities to improve awareness of PLR among the writing community, and we have been focusing our efforts on raising awareness of the PLR Scheme among Black and Minority Ethnic authors through their publishers, agents and writing groups.

Loans Data Collection

PLR's library sample is managed in accordance with the PLR Scheme and book loans data is collected from a sample of public library authorities drawn from every region of the UK. The library authority selection process ensures that the sample includes a wide-ranging and regularly changing selection of library authorities. This year it enabled us to collect data on over 23% of all book loans made by public libraries in the UK. The PLR year runs from July to June and loans information is collected on a monthly or two-monthly basis. The incoming data is accumulated at PLR in preparation for payment calculations at the year end. All data received is processed and checked before the annual grossing up exercise in September each year. Loans information for the February 2008 payments came from 1,067 branches and service points across 41 library authorities. All data is collected electronically providing efficiencies in

processing time and related costs.

The PLR loans year operates from July to June and is therefore not in line with the financial year 2007-08 covered in this Report. The library authorities providing data to PLR during the two years embraced by the period of the Report are listed in Table 1 opposite.

We aim to select a library sample which fulfils the basic legal requirements of the Scheme and, in addition, provides for a balance in terms of social and economic catchment areas within library authorities. The sample should reflect, as far as possible, the reality of public library provision and use. We aim to include a balance of city centres and market towns, private housing suburbs and large council estates, industrial and rural communities.

We also try to reflect the country's ethnic diversity. The 2001 census shows that the ethnic minority population of the UK as a whole was around 8%. In our current sample, we have included library authorities with high ethnic populations, for example Harrow (41%) and Bolton (11%), which provides an average ethnic population representation of 7% for the sample as a whole. By actively including authorities with a range of diverse ethnic groups within the population, we are also making it possible for authors who write specifically for those groups to benefit from PLR payments.

We aim to maintain close and effective working relationships with our sample library colleagues and set high targets for customer service in this area. In terms of quality of service we aimed to meet a satisfaction target of 95% based on feedback from sample libraries and achieved a figure of 99%.

Table 1
Sample Library Authorities
 2006/07 and 2007/08

England	
Darlington	Derbyshire/Derby
Lincolnshire	Northumberland *
Nottinghamshire/Nottingham	Gloucestershire
Hampshire	Stoke-on-Trent *
Worcestershire	Essex/Southend/Thurrock
Kent *	Oxfordshire
Windsor & Maidenhead	West Sussex
Metropolitan Districts	
Bolton	Newcastle Upon Tyne
North Tyneside *	St Helens
Wigan	
Greater London Boroughs	
Tower Hamlets	Harrow *
Redbridge/Havering/Wandsworth	City of London
Wales	
Conwy *	
Neath Port Talbot	
Swansea	
Scotland	
Argyll & Bute	East Lothian
Edinburgh	Orkney *
Northern Ireland	
All five Library and Education Boards	

**Authorities marked with * were replaced in 2007/08 by
 Cambridge
 York
 Wiltshire
 Dudley
 Lambeth
 Powys
 Moray*

Corporate Services

Finance

PLR's Corporate Services team takes responsibility for the full range of finance, human resources, ICT and other corporate functions.

We met our Funding Agreement target for net administration spending of £803,000 which allowed us to free up £6.8 million for payment to authors. However, following discussion with DCMS, we recommended that payments should be calculated on the basis of the previous year's Rate Per Loan of 5.98 pence. This allowed some £144,000 of available funding to be carried forward to support the following year's payments pending decisions on PLR's funding settlement for the three-year period from 2008-09. (Fuller details of expenditure can be found in the PLR Accounts.)

We have been successful during the year in reducing the running costs of the Scheme by taking advantage of wider framework agreements for services negotiated by DCMS, changing service suppliers such as our APAC (pensions administration) contract, replacing our electronic banking system, introducing the Government Procurement Card for a growing range of purchases, and re-negotiating the lease on our office accommodation (see below).

We have also been able to reduce costs in our management of the annual payments distribution. Over 4,000 authors accessed their payment details online this year, thus making significant savings in costs and staff time associated with printing, packing and posting out printed statements. The automated payments software that we have introduced has simplified our payment systems but the high bank charges associated with effecting electronic payments to authors living in

other European countries has been an issue in recent years. We have reduced costs by reverting to cheque payments where appropriate. We will continue to review the work involved in cheque payments and the cost of automatic transfers in Europe as a fully electronic payment system remains our ultimate goal.

Human Resources

Successes in 2007-08 included achievement of Investor in People accreditation for the third time. No recommendations requiring significant improvement were identified. This outcome speaks volumes for the commitment of management and staff to good employment practices at PLR and provides an excellent platform for the challenges that face the Registrar and his team over the next three years.

Following the outcomes of our financial settlement for the coming three years, the HR team has played an important role in preparations for the reduction in staffing that will be required in the first two years as a key part of our strategy to meet the running cost targets in our new Funding Agreement. This has involved advice to management on the legal processes, liaison with, and support for, the staff affected and with their union representatives, cooperation with our pension administrators, and overseeing communications with staff. By the end of the year the strategy was in place and all staff fully briefed on the approach.

In an organisation of PLR's size, limited staff resources mean that we rely heavily on specialist staff and the risks posed by this reliance feature prominently in our Business Continuity Plan. This year we have undertaken 'scenario' testing with the emphasis on ensuring that we have procedures in

place to cover the prolonged absence of key staff at critical times of year.

Accommodation

We have undertaken a review of our current and future accommodation needs. We have concluded that in the longer term a move to serviced office accommodation is likely to provide the most cost-effective option for PLR. Currently there is a shortage of such accommodation in the Teesside area. For the present, we have identified accommodation costs as an area where there is potential to make savings as part of our overall strategy to meet our ongoing spending targets. We have re-negotiated the terms of our existing lease at Richard House which involves giving up part of our existing occupancy. This will provide the benefits of savings in rent and associated costs from April 2008.

Sustainability

Within the constraints of our current rented accommodation, we are committed to sustainable development policies. During 2007-08 we recycled 200 bags of waste paper and 24 toner cartridges. Downsizing our accommodation requirements from 1 April 2008 and relying increasingly on electronic systems for communication with authors and libraries will contribute significantly to a reduction in energy and water consumption, and use of paper. As a further measure towards reduction of paper waste, we have taken the decision from January 2009 to stop posting statements to authors who have not qualified for payment. In total this will provide a saving of 50,000 items of paper per annum. We will continue to pursue a green purchasing policy in support of our sustainable procurement strategy and the government's targets for sustainable operations on the government estate.

Payments to Authors

As part of the annual payment cycle the PLR computer calculates a Rate Per Loan derived from dividing the total number of eligible book loans into the money available in the PLR Fund for distribution as payments. As noted earlier in the Report we agreed with our sponsor department to keep the Rate Per Loan at its 2006-07 level of 5.98 pence as a basis for payment to authors. This meant that there was no

requirement to obtain Parliamentary approval for the Rate and enabled us to proceed earlier than usual to printing and packing payment statements ready for despatch to registered authors during the first week in January. All changes to authors' address and bank details triggered by receipt of the statements were processed by the Author Services team in time to allow payments to be made in the first week

in February. The number of payments increased again from the previous year's figure of 23,866 to 23,940. The payments software developed by our in-house ICT and finance staff enabled us to continue to absorb the extra payments with no increase in staff time. A breakdown of the payments made in February 2008 is provided below in Table 2.

Table 2
Payment Distribution

23,940 authors and assignees (23,866 in 2006-07) qualified for payments. The numbers of authors in the various payment categories were as follows:

Authors Earning:	2007-08 25th Year	2006-07 24th Year
£6,000.00 - £6,600.00	277	291
£5,000.00 - £5,999.99	82	72
£2,500.00 - £4,999.99	375	397
£1,000.00 - £2,499.99	797	788
£500.00 - £999.99	897	922
£100.00 - £499.99	3,591	3,661
£50.00 - £99.99	2,190	2,319
£1.00 - £49.99	15,731	15,416
No of Authors	23,940	23,866
Expenditure	6,657,280	6,809,018

An analysis of the distribution of money for the twenty fifth year to authors by payment category shows:

	£	%
£6,000.00 - £6,600.00	1,819,197	27
£5,000.00 - £5,999.99	446,558	7
£2,500.00 - £4,999.99	1,312,131	20
£1,000.00 - £2,499.99	1,266,299	19
£500.00 - £999.99	636,373	10
£100.00 - £499.99	820,563	12
£50.00 - £99.99	156,217	2
£1.00 - £49.99	199,942	3
		100

Information and Communication Technology

Information and Communication Technology underpins the services that PLR provides to internal and external stakeholders. IT and e-Business solutions provided by the IT team are aimed at reducing costs while increasing efficiency, enabling more value-added services to be provided to PLR staff and our registered authors. More than two-thirds of all book registrations were submitted electronically during the year under review. The continuous development of our services is undertaken in-house taking into account feedback received from all our users.

Online Registration System

PLR's new online registration system was launched on target at the end of May 2007. There was a smooth transition from the original outsourced system to the new facilities. The new system proved immediately successful with over two thousand users re-registering to use the new facilities in the first 48 hours.

The system provides an intuitive approach and enables authors to manage their PLR accounts more conveniently. They can now access details of all their previously registered titles and get updates on any outstanding queries. The registration process is further streamlined by a new facility that automatically provides full bibliographic details for any book being applied for once the ISBN is entered.

The new system was fully designed and implemented by a project team consisting of staff from across the PLR organisation.

Following successful implementation of the new online service, online access to payment statements was introduced in January. This feature provides authors

with quicker access to details of their book loans and payments, and the facility to sort the information in a variety of formats. We are now looking into the feasibility of providing access to statement information from previous years.

Records Management

Previous annual reports have described the development of PLR's own electronic records management system. It was designed primarily to meet the basic requirements of the e-Government agenda and was based on the National Archives' guidelines for the storage and retention of electronic records.

Additional features have been added during the year to enhance functionality. These include the facility to check in multiple files and the use of an 'interests' list which automatically emails appropriate users when a document related to their area of work is updated. This is particularly useful for keeping staff up to date with changes to manuals and website content.

Loans Enquiry Web Information System (LEWIS)

The LEWIS facility provides a range of sophisticated search tools enabling staff to access PLR's unique archive of book loans data to support marketing projects and deal with enquiries. Over the year we adapted the facility for external use to meet a longstanding demand from the library community for wider access to LEWIS's resources. Following a successful pilot project with a number of library authorities, the system will be rolled out in May.

Summary of Performance against Funding Agreement Targets

Funding Agreement Targets 2005-08	2007-08	STATUS
1. Efficiency Savings Meet efficiency target of 7.5% saving in running costs (based on 2004-05 baseline to meet target figure of £803,000)	7.5%	✓ Achieved 7.5%
2. Author Satisfaction Maintain high stakeholder satisfaction rate (based on survey of registered authors)	95%	✓ Achieved 99%
3. Library Satisfaction Maintain high stakeholder satisfaction rate (based on survey of sample libraries)	95%	✓ Achieved 98.5%
4. Speed and Accuracy Achieve high stakeholder satisfaction rates (based on author survey)	95%	✓ Achieved 100% and 99%
5. Online registrations Increase % of registration transactions undertaken via online registration service to meet the following targets (taking the 2004-05 figure of 40% as the baseline)	55%	✓ Achieved 61% new author and 67% new book applications online

Delivery Plan

PLR's Delivery Plan provides details of the strategic objectives agreed with DCMS. Strategic objectives achieved in 2007-08 include:

1. Administer PLR to meet the legal requirements of the PLR Act and Scheme

Outcomes achieved were:

- a) complete by 31.7.07 registration of all application forms received before 30.6.07
- b) introduce required number of new library authorities to sample and complete sample data collection by 31.10.07

2. Expand the Scheme to bring in more authors and extend the library sample while meeting efficiency targets

Outcomes achieved were:

- a) continue to absorb growing author and book registrations (average 1,200 new authors per year)
- b) continue to increase size of library sample to improve representativeness of loans data collected over the 3 year Funding Agreement period (increase from 39 to 41 sample authorities from July 2007)

Advisory Committee and Development of the Scheme

The PLR Advisory Committee exists to provide expert advice to the Secretary of State and the Registrar on the operation of the PLR Scheme. The Chair and Members are appointed by the Secretary of State and are drawn from the fields of literature, libraries, and authors' rights. The Committee met three times in London during the year: in May at the Writer's Guild of Great Britain; in November at the Society of Authors, and in March at the Chartered Institute of Library and Information Professionals.

Simon Brett, Chair of the Committee, was reappointed for a further period of four years by DCMS ministers in August. Three Committee Members - Gill Coleridge, Maggie Gee and Barry Turner - came to the end of their periods of appointment. All had made distinctive and important contributions to the work of the Committee. Further details of the Committee's membership are provided below in Annex A to the PLR Accounts.

During the year, following consultation with DCMS and Committee members, revised Terms of Reference were implemented. These provide the Committee with a broader advisory remit and recognise the developing role of the Committee in recent years in helping the Registrar plan for the future of the Scheme. Under the new remit the Committee has increased its number of meetings to three per year.

The review of the operation of the Scheme undertaken by the Committee two years ago had produced a number of recommendations. It had been agreed to postpone further action pending decisions on PLR's funding settlement for 2008-11. The Committee revisited these at its March meeting. Given the primacy for the Registrar of meeting the running cost targets now

agreed with DCMS for the next three years, the Committee agreed with the Registrar that priority should be given to those recommendations most likely to assist with streamlining administration and supporting the Registrar's efforts to reduce costs.

The Committee's proposals for an increase in the size of translators' PLR shares and for the extension of PLR eligibility to authors resident in the Isle of Man and other Crown dependencies have been sent to DCMS and are under consideration.

The Committee's working group on PLR in the digital age under Barry Turner's chairmanship continued its investigations and held discussions with a wide range of interested parties from the book trade and library sector.

During the year the Registrar provided support to the European Writers Congress in preparation for the PLR seminar in Hungary held in April 2007 aimed at emerging PLR nations in Europe; also to the French authors' organisation SOFIA as they prepared for the 6th International PLR Conference, held in Paris in September 2007. Discussions continued between the Registrar and the PLR authorities in Ireland on the scope for UK support for the establishment of an Irish PLR system following the passing of PLR legislation in November 2007. Twenty-eight countries are now operating Public Lending Right schemes and UK authors are increasingly benefiting from the reciprocal arrangements that have been established. Payments to authors from overseas PLR schemes are distributed by ALCS and the first payments from the new French PLR system were received by them in June 2007.

PLR Central Fund Account

2007 - 08

Public Lending Right

Central Fund Account 2007-2008

MANAGEMENT COMMENTARY

These are the accounts for the twenty fifth year of the Public Lending Right (PLR) Central Fund and cover the annual payments due to authors at 31 March 2008.

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.

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, 2002 No 3123, 2003 No 839, 2003 No 3045, 2004 No 1258, 2004 No 3128, 2005 No 1519, 2005 No 3351, 2006 No 3294.

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 the management of PLR. Appointments to the Committee are made by the Secretary of State. Details of the Committee's membership at 31 March 2008 are provided in Annex A.

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Review of Activities

The twenty fifth year's operations are 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.

Payments to Authors

PLR's core funding from DCMS was £7.49 million (£7.65 million in 2006-2007). On the basis of the funding available, it was possible to maintain the Rate Per Loan for February 2008 payments to authors at 5.98 pence (5.98 pence in 2006-2007). A total sum of £6,657,280 (£6,809,018 in 2006-2007) was made available from the Central Fund for paying out to 23,940 (23,866 in 2006-2007) authors. 83% of the Fund was distributed in payments of £500 or more.

Expenditure includes £35,923 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 £20,793 is a separate provision which is used to supplement the central fund. There were 11,109 (10,386 in 2006-2007) authors whose books earned no payment.

Fixed Assets

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

Movements on fixed assets are set out in note 5 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 2007-2008, 92% of creditor invoices were paid within 30 days of being received (2006-2007, 100%). 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.

Superannuation

The PCSPS is a "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.

Results and Appropriations

The Fund is distributed after deduction of the Registrar's remuneration, administrative costs, and payments to local authorities.

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.

The Euro

The activities of Public Lending Right are mainly within the United Kingdom. Exposure to transactions denominated in the Euro occurs in respect of authors resident overseas. These are treated no differently from transactions in any foreign currency. Public Lending Right's systems are accordingly already Euro-enabled.

Auditors

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

As far as the Registrar is aware, there is no relevant audit information of which PLR's auditors are unaware.

The Registrar has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that PLR's auditors are aware of that information.

J G Parker
Registrar

23 June 2008

Annex A

PLR Advisory Committee

The members of the Advisory Committee during the year were:

Mr Simon Brett (Chairman) (*Reappointed 7 August 2007*)

Mr Tony Bradman

Dr Debjani Chatterjee

Ms Gill Coleridge (*Appointment ended 28 October 2007*)

Mr Rob Froud

Dr Maggie Gee (*Appointment ended 5 August 2007*)

Dr Barry Turner (*Appointment ended 29 February 2008*)

Mr Owen Atkinson (Authors' Licensing & Collecting Society)

Dr Bob McKee (Chartered Institute of Library and Information Professionals)

Mr Mark Le Fanu, OBE (Society of Authors)

and Mr Bernie Corbett (Writers' Guild of Great Britain)

also attended Committee meetings as assessors.

None of the Advisory Committee members received any remuneration from PLR. However, members are reimbursed for expenses incurred in fulfilling their duties.

PLR Audit Committee

The members of the Audit Committee during the year were:

Mr Mike Dewsnap (Chairman)

Ms Pat Hunt

Dr James Parker, OBE

Remuneration Report

Registrar's Salary and Superannuation

As specified in the Act, the Registrar's own remuneration and superannuation costs are charged directly against the £7,488,000 grant due to be 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 2007-2008 the total deduction was £87,488 (2006-2007, £80,822).

The Registrar is appointed by the Secretary of State for Culture, Media and Sport. He is employed on the basis of five-year appointments (renewable) and the terms of his appointment are as set out in the schedule to the PLR Act 1979.

A remuneration committee meets annually to assess the Registrar's performance and, if appropriate, to recommend to Ministers a pay award on the basis of criteria set out in terms of reference provided by DCMS. The whole of any annual pay award to the Registrar is performance-based. Pay awards to the Registrar are dependent on the approval of DCMS Ministers. The committee acts in consultation with DCMS whose advice on wider government pay policy informs the committee's annual recommendations.

The Registrar provides the committee with an annual report setting out in detail his success in meeting KPIs agreed with DCMS. The committee may call for further information if required

Members of the Committee during the year were:

Mr Simon Brett (Chairman)
 Ms Gill Coleridge (*Appointment ended 28 October 2007*)
 Mr Mark Le Fanu, OBE
 Dr Barry Turner (*Appointment ended 29 February 2008*)

The Registrar's appointment has been renewed for a period of five years from 1 August 2006.

The Registrar's notice period is three months and any termination payments would be in accordance with contractual terms.

The information in the remainder of the remuneration report is subject to audit

The Registrar's total remuneration is determined by DCMS. It consisted of a basic salary of £61,100 plus a non-consolidated bonus of £4,792 (2006-2007 total emoluments were made up of £59,902 basic salary plus a non-consolidated bonus of £1,163). The Registrar's superannuation costs were £14,580 and are charged at 23.2% of annual salary.

Registrar's Pension

	Real increase in pension at 60	Real increase in related lump sum at 60	Accrued pension at 60 at 31 March 2008	Accrued lump sum at 60	Cash equivalent transfer value		
					As at 1 April 2007	As at 31 March 2008	Real increase in year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dr James Parker	0 - 2.5	0 - 2.5	20 - 25	60 - 65	203	406	476

The Registrar receives no benefits in kind.

Pension benefits are provided through the PCSPS. Further pension disclosures are made in Note 19. The above table shows the cash equivalent transfer values (CETV) accrued at the beginning and end of the reporting period and the increase in CETV effectively funded by the employer. The closing CETV balance reflects transferred in rights from the Registrar's previous employment.

A CETV is the actuarially assessed capitalised value of the pension benefits accrued by a member at that point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV would be the payment made by a pension scheme to secure pension benefits in another scheme if the member chooses to transfer the benefits accrued to another scheme. The CETV includes the value of any pension benefits which have been transferred in to the PCSPS. They also include any additional benefit accrued as a result of the member's purchase of additional years of pension service at their own cost.

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; and
- 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

23 June 2008

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

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.

Purpose of the system of internal control

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 takes account of Treasury guidance and 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.

Capacity to handle risk

Risk evaluation informs our actions in managing risks efficiently and effectively as we implement our plans to achieve objectives over the coming years. Risk management is incorporated into PLR's strategic planning process and decision making processes.

Our system is now firmly embedded in our operating systems. As part of our approach we now identify our objectives and risks and have determined a control strategy for each of the significant risks. A risk management policy document is sent to all staff setting out PLR's risk strategy.

PLR has been using the services of RSM Bentley Jennison to provide internal audit services, operating to standards defined in the Government Internal Audit Standards. Following a public tender process, Baker Tilly were awarded PLR's internal audit contract with effect from 1 April 2008. The annual audit plan is drawn up with contributions from me as Accounting Officer and approved by the Audit Committee. Internal audit provides the Accounting Officer with reports on those systems identified in the annual audit plan and these are then presented to the Audit Committee. Such reports include the internal auditor's independent view on the adequacy and effectiveness of PLR's system of internal control and progress against recommendations made in previous financial years.

The risk environment

PLR's Risk Register is kept under continuous review by the Registrar, the Audit Committee and PLR's management team. The most significant risk to the operation of the Scheme and the achievement of Funding Agreement objectives relates to the potential impact of cost cutting to achieve PLR's VFM targets agreed with DCMS for the period 2008-11.

Other risks relate to the security of data held in PLR's information systems, and the relative smallness of the PLR operation and our reliance on external suppliers of services. PLR has also recognised risks to the effective management of the Scheme posed in addressing central government and other initiatives and the risk of failing to meet business targets as a result of inadequate planning. We aim to manage these risks by use of best-practice project management procedures which will give advance warning of overload problems; by reviewing our information security controls in light of the Hannigan Report recommendations and introducing an Information System Security Policy; by a constant emphasis on VFM and use of new technologies to enable us to achieve more with existing resources; and by promoting and maintaining good relations with partner bodies on whom we rely for services. PLR is acutely aware of the consequences of not managing these risks effectively and the adverse effect it could have on our authors.

Key controls of the system include:

- A three-year Funding Agreement with the Department for Culture, Media and Sport (DCMS), with key performance targets reviewed half-yearly;
- comprehensive budgeting systems with an annual budget, which is approved by the Registrar and incorporated into the Corporate Plan;

STATEMENT ON INTERNAL CONTROL (cont'd)

- regular review of risk management and internal control during the year by the Registrar and his management team and reporting of key risks to the Audit Committee;
- regular reports from the internal auditors who give an independent and objective opinion on PLR's internal control systems, corporate governance and risk management to the Audit Committee, and make recommendations for improvement;
- a range of controls approved and reviewed by the internal auditors to provide assurance over the effectiveness and reliability of key PLR processes such as book loans data collection, author and book registration, payment calculation and distribution.

Review of effectiveness

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. I am also guided in this regard by the Audit Committee which advises me on the effectiveness of PLR's internal control systems. For the financial year 2007-08 RSM Bentley Jennison found that PLR had adequate and effective risk management control and governance processes to manage the achievement of the organisation's objectives. In addition to overall annual audit assurance and regular block reports on which to base its advice, the Committee receives copies of PLR's Corporate Plan and other strategy documents; details of key risks and lists of other evidence used by the Registrar to assess the robustness of PLR control systems; and regular progress reports on PLR's implementation of outstanding audit recommendations.

In light of the evidence available to me, I believe that PLR has had all the necessary risk management and review processes in place throughout 2007-08.

J G Parker
Registrar

23 June 2008

PUBLIC LENDING RIGHT CENTRAL FUND

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Public Lending Right Central Fund for the year ended 31 March 2008 under the Public Lending Right Act 1979. These comprise the Income and Expenditure account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As described on page 20 the Accounting Officer of the Department of 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 the Public Lending Right Central Fund is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Public Lending Right Act 1979 and the Secretary of State for Culture, Media and Sport's directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Registrar's and the Department for Culture, Media and Sport Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Lending Right Act 1979 and the Secretary of State for Culture, Media and Sport's directions made thereunder. I report to you whether, in my opinion, the information which comprises the Registrar's Annual Review and Management Commentary included in the Annual Report is consistent with the financial statements. I also report 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.

In addition, I report to you if Public Lending Right has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Public Lending Right's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of Public Lending Right's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Preface, the other sections of the Registrar's Annual Review and the unaudited part of the Remuneration Report included in the Annual Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by Public Lending Right and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Public Lending Right'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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, 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 and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Public Lending Right Act 1979 and directions made thereunder by the Secretary of State for Culture, Media and Sport, of the state of the Public Lending Right Central Fund's affairs as at 31 March 2008, and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Lending Right Act 1979 and the Secretary of State for Culture, Media and Sport's directions issued thereunder; and
- information which comprises the Registrar's Annual Review and Management Commentary included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, 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.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
4 July 2008

National Audit Office
151 Buckingham Palace Road
Victoria, London SW1W 9SS

PUBLIC LENDING RIGHT CENTRAL FUND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Note	£	2007-08 £	Re-stated 2006-07 £
INCOME				
Other Operating Income	3	150		250
Total income available to PLR Central Fund			<u>150</u>	<u>250</u>
EXPENDITURE				
Staff Costs	4	(446,078)		(437,932)
Redundancy	15	(82,528)		-
Depreciation	5	(12,228)		(14,235)
Other Operating Charges	6	(353,010)		(382,376)
Public Lending Right to Authors		<u>(6,657,280)</u>		<u>(6,809,018)</u>
Total Expenditure			<u>(7,551,124)</u>	<u>(7,643,561)</u>
Operating Deficit	7		<u>(7,550,974)</u>	<u>(7,643,311)</u>
Income from other activities - interest receivable		20,281		20,524
Notional cost of capital	17	<u>(2,221)</u>		(4,513)
			<u>18,060</u>	<u>25,037</u>
Net expenditure on ordinary activities before taxation			<u>(7,532,914)</u>	<u>(7,627,300)</u>
Corporation Tax	21		(3,955)	(3,749)
Reversal of cost of capital			2,221	4,513
Net expenditure for the financial year			<u>(7,534,648)</u>	<u>(7,626,536)</u>

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 27 to 35 form part of these accounts.

PUBLIC LENDING RIGHT CENTRAL FUND

BALANCE SHEET AS AT 31 MARCH 2008

	Note	£	2007-08 £	2006-07 £
FIXED ASSETS				
Tangible Assets	5		6,912	15,621
			<u>6,912</u>	<u>15,621</u>
CURRENT ASSETS				
Debtors	8	23,811		29,411
Cash at bank and in hand	9	171,276		206,894
		<u>195,087</u>		<u>236,305</u>
Creditors: Amounts falling due within one year	10	(121,278)		(123,198)
Net Current Assets/(Liabilities)			73,809	113,807
Provision for liabilities	15		(82,528)	-
Total Assets less liabilities			<u>(1,807)</u>	<u>128,728</u>
FINANCED BY:				
CAPITAL AND RESERVES				
General Reserve			(22,600)	111,536
Public Lending Right Reserve	11		20,793	17,192
			<u>(1,807)</u>	<u>128,728</u>

The notes on pages 27 to 35 form part of these accounts.

J G Parker
Registrar

23 June 2008

PUBLIC LENDING RIGHT CENTRAL FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2007-08 £	2006-07 £
Net cash outflow from operating activities	12	(7,449,160)	(7,621,378)
Returns on investment and servicing of finance			
Interest Received		20,298	20,272
Taxation			
Corporation Tax Paid	21	(3,749)	(732)
Capital expenditure and financial investment			
Purchase of Fixed Assets	5	(3,519)	(10,766)
Financing	12	7,400,512	7,621,178
(Decrease)/Increase in cash		<u>(35,618)</u>	<u>8,574</u>

The notes on pages 27 to 35 form part of these accounts.

PUBLIC LENDING RIGHT CENTRAL FUND

NOTES TO THE ACCOUNTS AT 31 MARCH 2008

NOTE 1 ACCOUNTING POLICIES

ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with the 2007–08 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounts have been prepared on a going concern basis as DCMS are providing continuing grant to PLR in 2008-09 which will meet the redundancy provisions.

ASSETS AND DEPRECIATION

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 expensed 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. Depreciated historical cost is used as a proxy for current value for named classes of assets (where appropriate).

VALUE ADDED TAX

PLR is not registered for VAT and therefore all costs are shown inclusive of VAT where VAT has been charged.

HM GOVERNMENT GRANT

The FReM requires Non-Departmental Public Bodies (NDPBs) to account for grants and grant-in-aid as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs.

LEASES

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

PENSIONS

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded, defined benefit, contributory, public service occupational pension scheme. The PCSPS covers three pension schemes known as Premium (for new members), Classic and Classic Plus. Membership of the Scheme is voluntary. Money purchase pensions known as Partnership are available as an alternative for employees joining on or after 1 October 2002. Partnership is delivered through employers sponsors stakeholder pensions from a choice of pension providers.

NOTIONAL COSTS

In accordance with Treasury guidance, notional costs of capital (calculated at 3.5% of the average capital employed) are charged in the Income and Expenditure Account in arriving at the "Surplus after Notional Costs". These are reversed so that no provision is included in the balance sheet.

NOTE 2 HM GOVERNMENT GRANT

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Grant for PLR (DCMS RfR1)	7,488,000	7,702,000
LESS Registrar's Costs	(87,488)	(80,822)
	<u>7,400,512</u>	<u>7,621,178</u>

Under the End Year Flexibility mechanism, £50,000 of the 2007-08 funding should be drawn down to meet agreed expenditure in 2008-09.

The Registrar's Costs comprise the salary and National Insurance payments of the present Registrar.

The difference between the Registrar's salary and superannuation costs shown in the remuneration report of £80,472 (£74,588 in 2006-07) and the Registrar's Costs shown above of £87,488 (£80,822 in 2006-07) is employer's National Insurance contributions of £7,016 (£6,264 in 2006-07).

NOTE 3 OTHER OPERATING INCOME

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Other	150	250
(PAYE incentive)	<u>150</u>	<u>250</u>

NOTE 4 STAFF COSTS

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Salaries	350,309	343,779
Employer's National Insurance	24,862	24,537
Superannuation	70,907	69,616
Redundancy Provision	82,528	-
	<u>528,606</u>	<u>437,932</u>

4(i)	Average weekly number of permanent full time staff employed in the year was	13	13
4(ii)	Employees receiving remuneration over £50,000	0	0
4(iii)	None of the Advisory Committee members received any remuneration from PLR.		

NOTE 5 TANGIBLE FIXED ASSETS

	PLR Computer	Fixtures, Fittings & Equipment	TOTALS
	£	£	£
Cost			
Cost at 1 April 2007	78,248	63,615	141,863
Additions at Cost	3,519	-	3,519
Disposals	(16,078)	(13,272)	(29,350)
Cost at 31 March 2008	<u>65,689</u>	<u>50,343</u>	<u>116,032</u>
Depreciation			
Depreciation at 1 April 2007	65,198	61,044	126,242
Charge for 2007-08	11,403	825	12,228
Less Charge on Disposals	(16,078)	(13,272)	(29,350)
Depreciation at 31 March 2008	<u>60,523</u>	<u>48,597</u>	<u>109,120</u>
Net Book Value at 1 April 2007	<u>13,050</u>	<u>2,571</u>	<u>15,621</u>
Net Book Value at 31 March 2008	<u>5,166</u>	<u>1,746</u>	<u>6,912</u>

NOTE 6 OTHER OPERATING CHARGES

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Administration	123,809	149,017
Accommodation	167,197	143,026
Computer Operating Costs	23,035	34,332
Local Authorities	27,745	37,274
Consultants	11,224	18,727
	<u>353,010</u>	<u>382,376</u>

NOTE 7 OPERATING DEFICIT

	<u>2007-08</u>	<u>2006-07</u>
	£	£
The Operating Deficit of is stated after charging	(7,550,974)	(7,643,311)
Auditor's remuneration - Audit Fee	17,000	17,000
Operating Leases - Premises Rental	97,603	98,865
Travel, Subsistence & Hospitality	16,119	18,966
	<u> </u>	<u> </u>

NOTE 8 DEBTORS

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Sundry Prepayments	1,131	667
Rent and Service Charge Prepayments	21,188	24,394
Sundry Debtors	1,492	4,350
	<u> </u>	<u> </u>
	23,811	29,411
	<u> </u>	<u> </u>

NOTE 9 CASH AT BANK AND IN HAND

As at 31 March 2008 Public Lending Right held cash in balances as set out below.

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Bank accounts	171,046	206,621
Petty Cash	230	273
	<u> </u>	<u> </u>
	171,276	206,894
	<u> </u>	<u> </u>

NOTE 10 CREDITORS:- AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Sundry Creditors	18,096	21,358
Corporation Tax	3,955	3,749
Public Lending Right - Unclaimed & Undistributed:		
01/02	-	5,196
(364 authors) 02/03	9,018	10,094
(364 authors) 03/04	9,453	10,583
(420 authors) 04/05	10,152	13,464
(443 authors) 05/06	13,396	18,025
(1,146 authors) 06/07	21,285	40,729
(1,234 authors) 07/08	35,923	-
	<u>121,278</u>	<u>123,198</u>

NOTE 11 PUBLIC LENDING RIGHT RESERVE

	Balance b/f	Transferred from Creditors: PLR Renounced, Returned or Undistributed after 6 years	Public Lending Right Paid	Charge to Income and Expenditure Account	Balance c/f
	£	£	£	£	£
	1.4.07				31.3.08
PLR Reserve (a)	17,192	4,747	1,146	-	20,793

- (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 12 NOTES TO CASH FLOW STATEMENT

(i) Reconciliation of operating net expenditure to net inflow from operating activities

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Net operating Deficit	(7,550,974)	(7,643,311)
Depreciation charge	12,228	14,235
Decrease/(Increase) in debtors	5,583	(1,697)
(Decrease)/Increase in creditors	(2,126)	4,446
Increase in PLR Reserve	3,601	4,949
Increase in provisions	82,528	-
	<u> </u>	<u> </u>
Net Cash Outflow from Operating Activities	<u>(7,449,160)</u>	<u>(7,621,378)</u>

(ii) Analysis of Financing

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Grant-in-Aid and revenue grant received from DCMS	7,400,512	7,621,178
Applied towards purchase of Fixed Assets	(3,519)	(10,766)
	<u> </u>	<u> </u>
Total GIA applied towards revenue expenditure	<u>7,396,993</u>	<u>7,610,412</u>

(iii) Analysis of Changes in Net Funds

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Balance at 1 April 2007	206,894	198,320
Net Cash (Outflow)/Inflow	(35,618)	8,574
	<u> </u>	<u> </u>
Balance at 31 March 2008	<u>171,276</u>	<u>206,894</u>

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

NOTE 13 MOVEMENT ON RESERVES 2007-08

	General Reserve £	PLR Reserve £	Total £
At 1 April 2007	111,536	17,192	128,728
Grant-in-Aid received towards resource expenditure	7,400,512	-	7,400,512
Transfer to PLR Reserve	-	4,747	4,747
At 31 March 2008	(7,534,648)	(1,146)	(7,535,794)
Net expenditure			
As at 31 March 2008	<u>(22,600)</u>	<u>20,793</u>	<u>(1,807)</u>

NOTE 14 OPERATING LEASES

At 31 March 2008 Public Lending Right had annual commitments under non-cancellable Operating Leases as set out below.

	<u>2007-08</u> £	<u>2007-08</u> £	<u>2006-07</u> £	<u>2006-07</u> £
	land and buildings	other	land and buildings	other
Operating Leases expiring within:				
One Year	-	4,653	-	4,653
In the Second to Fifth Years Inclusive	-	-	-	-
Over Five Years	70,500	-	88,654	-
	<u>70,500</u>	<u>4,653</u>	<u>88,654</u>	<u>4,653</u>

NOTE 15 PROVISIONS FOR LIABILITIES

	<u>2007-08</u> £	<u>2006-07</u> £
As at 31 March 2007	-	-
Arising during the year	82,528	-
Utilised during the year	-	-
	<u>82,528</u>	<u>-</u>
Expected timing of cash flows:		
Within One Year	82,528	-
One to Five Years	-	-
Over Five Years	-	-

NOTE 16 CAPITAL COMMITMENTS/CONTINGENT LIABILITIES

At 31 March 2008 there were no capital commitments contracted for, or capital commitments approved but not contracted for (£nil at 31 March 2007).

At 31 March 2008 there were no contingent liabilities (£nil at 31 March 2007).

NOTE 17 NOTIONAL COST OF CAPITAL

Notional cost of capital is calculated as 3.5% of average total assets less current liabilities for the year (balance sheet) and amounts to £2,221 (2006-2007, £4,513).

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 PENSIONS

The PCSPS is an unfunded multi-employer defined benefit scheme but Public Lending Right is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2007-08, the employers' contributions of £70,907 were payable to the PCSPS (2006-07, £69,616) at one of four rates in the range 17.1% to 25.5% of pensionable pay, based on the revised salary bands (the rates in 2006-07 were between 17.1% to 26.5%). Employer contributions are to be reviewed every four years following a full scheme valuation by the scheme Actuary. The contribution rates are set to meet the cost of benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions were paid in the year. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. No employer contributions were payable to the PCSPS to cover the cost of the future provision of lump sum death benefits on death in service and ill health retirement of employees.

Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

NOTE 20 FINANCIAL INSTRUMENTS

FRS 13 Derivatives and other financial instruments require disclosure of the role which financial instruments have had during the period in creating or changing the risks that Public Lending Right faces in undertaking its role.

■ Liquidity Risks

Public Lending Right's income is derived primarily from grants provided by the Department for Culture, Media and Sport. In 2007-2008, there have been no borrowings, therefore it is believed that Public Lending Right is not exposed to significant liquidity risks.

■ Interest Rate Risks

Public Lending Right has no financial liabilities such as bank loans. Cash balances, which are drawn down to pay for operating costs, are held in instant access variable rate bank accounts, which on average carried an interest rate of 2.6% in the year. Public Lending Right consider that the Public Lending Right Central Fund is not exposed to significant interest rate risks.

■ Foreign Currency Risks

Public Lending Right holds cash in three UK sterling bank accounts and one UK Euro account. Public Lending Right believes that they are exposed to some foreign exchange risks, although amounts involved are relatively small.

NOTE 21 CORPORATION TAX

Corporation Tax is due on interest received.

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Interest Receivable	20,281	20,524
Interest Received in Year	20,298	20,272
Corporation Tax payable on cash Received in year of £19,774 @ 20%	3,955	3,749*

*Calculated at 19%

NOTE 22 POST BALANCE SHEET EVENTS

The Annual Report and Accounts were authorised for issue by the Accounting Officer on 4 July 2008.

There were no other post balance sheet events.

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