

Chester Beatty Library Trust

Financial Statements

Year Ended 31 December 2016

CONTENTS

	Page
TRUSTEES AND OTHER INFORMATION	2
TRUSTEES' RESPONSIBILITIES STATEMENT	3
INDEPENDENT AUDITORS' REPORT	4
STATEMENT OF FINANCIAL ACTIVITIES	5
DEVELOPMENT FUND	6
BALANCE SHEET	7
CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 14

TRUSTEES AND OTHER INFORMATION

Trustees - in alphabetical order

Dr. T.P. Hardiman (Chairman)
Mr. E. Ceannt
Prof K. James Chakraborty
Sir M. Cochrane
Dr. S. Collins
Dr. C. Day
Mr. D. Desmond
Dr. P. Donlon
Dr. D.M. Downey
Prof B. McGing
Prof R. Stalley

Director/Librarian

Ms. F. Croke
Clock Tower Building
Dublin Castle
Dublin 2

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

Solicitors

Arthur Cox
Earlsfort Terrace
Dublin 2

Bankers

Allied Irish Bank plc
40/42 Ranelagh
Dublin 6

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees are responsible for preparing the financial statements in accordance with the accounting policies. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Library will continue in operation.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Library. They are also responsible for safeguarding the assets of the Library and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees

Dr. T.P. Hardiman

Prof R. Stalley

Director/Librarian

Ms. F. Croke



Independent auditors' report to the Trustees of Chester Beatty Library Trust

We have audited the non-statutory financial statements ("the financial statements") of the Chester Beatty Library Trust for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Development Fund, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), except as noted in the accounting policies note on page 9 of the financial statements.

Respective responsibilities of the Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, the Trustees are responsible for the preparation of the financial statements in accordance with the Accounting Policies set out on pages 9 and 10. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable Irish Law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Library's Trustees as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chester Beatty Library Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by management; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the non-statutory financial statements:

- have been prepared, in all material respects, in accordance with the Accounting Policies in note 1 to the financial statements and present the state of the Library's affairs at 31 December 2016, and of its surplus and cash flows for the year then ended in accordance therewith;
- we have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Library. The financial statements are in agreement with the books of account.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
Date

STATEMENT OF FINANCIAL ACTIVITIES
Year Ended 31 December 2016

	Notes	Restricted Funds €	Unrestricted Funds €	Total 2016 €	Total 2015 €
Incoming resources					
Department of Arts, Heritage and the Gaeltacht					
Annual Grant-in-Aid		-	2,229,000	2,229,000	2,225,000
Capital grants		175,000	-	175,000	175,000
Other sponsorship and donations		82,936	135,524	218,460	196,328
Shop gross profit	3	-	119,773	119,773	120,059
Room hire, events and conferences		-	9,216	9,216	22,268
Tours and workshop		-	7,439	7,439	8,109
Restaurant income		-	35,678	35,678	42,716
Deposit interest		1,103	6,636	7,739	10,722
Other income	4	-	10,581	10,581	16,860
		<u>259,039</u>	<u>2,553,847</u>	<u>2,812,886</u>	<u>2,817,062</u>
Resources expended					
Staff costs		29,570	1,654,158	1,683,728	1,653,343
Occupancy and administration	5	100	367,556	367,656	413,265
Other expenditure	6	23,096	440,302	463,398	453,144
Depreciation		185,464	14,834	200,298	193,133
		<u>238,230</u>	<u>2,476,850</u>	<u>2,715,080</u>	<u>2,712,885</u>
Net incoming resources					
		20,809	76,997	97,806	104,177
At beginning of year		<u>1,737,913</u>	<u>1,105,469</u>	<u>2,843,382</u>	<u>2,739,205</u>
At end of year		<u>1,758,722</u>	<u>1,182,466</u>	<u>2,941,188</u>	<u>2,843,382</u>

Trustees

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Prof R. Stalley

Director/Librarian

Ms. F. Croke

DEVELOPMENT FUND
Year Ended 31 December 2016

	2016 €	2015 €
Dividend income	17,489	24,897
Investment management fees	(16,455)	(8,367)
Investment gains	<u>28,621</u>	<u>106,181</u>
Investment returns	29,655	122,711
Deposit interest	<u>471</u>	<u>1,710</u>
Net incoming resources	30,126	124,421
Balance at beginning of year	<u>1,563,735</u>	<u>1,439,314</u>
Balance at end of year	<u><u>1,593,861</u></u>	<u><u>1,563,735</u></u>

Trustees

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BALANCE SHEET
31 December 2016

	Notes	2016 €	2015 €
Fixed assets			
Tangible fixed assets	7	938,925	1,012,931
Investments	9	3,174,010	3,176,254
		<u>4,112,935</u>	<u>4,189,185</u>
Current assets			
Shop stocks		82,482	109,532
Debtors and prepayments		82,216	54,157
Bank accounts		858,653	645,316
		<u>1,023,351</u>	<u>809,005</u>
Current liabilities			
Creditors and accruals		<u>(299,206)</u>	<u>(289,044)</u>
Net current assets		<u>724,145</u>	<u>519,961</u>
Total assets less current liabilities		<u>4,837,080</u>	<u>4,709,146</u>
Capital and income funds			
Capital funds		302,030	302,030
Restricted funds	10	1,758,722	1,737,913
Unrestricted funds		1,182,467	1,105,468
		<u>3,243,219</u>	<u>3,145,411</u>
Development fund	13	<u>1,593,861</u>	<u>1,563,735</u>
		<u>4,837,080</u>	<u>4,709,146</u>

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CASH FLOW STATEMENT
Year Ended 31 December 2016

	Note	2016 €	2015 €
Net incoming resources		97,806	104,177
Deposit interest in the Development Fund		471	1,710
Capital grants received		(175,000)	(175,000)
Depreciation		200,298	193,133
		<u>123,575</u>	<u>124,020</u>
Decrease/(increase) in shop stock		27,050	(17,889)
(Increase)/decrease in debtors and prepayments		(28,059)	21,694
Increase in creditors and accruals		10,162	32,600
		<u>132,728</u>	<u>160,425</u>
Net cash inflow from operating activities		132,728	160,425
Capital expenditure		(126,292)	(24,989)
Funds transferred to investments		(250,000)	-
Capital grants received		<u>175,000</u>	<u>175,000</u>
Net cash inflow/(outflow)	11	<u>(68,564)</u>	<u>310,436</u>

Trustees

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NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The significant accounting policies adopted by the Library are as follows:

a Basis of accounting

The accounting policies used and disclosures made in the financial statements comply with the requirements of Generally Accepted Accounting Practice in Ireland and are prepared under the historical cost convention in accordance with the recommendations of Accounting and Reporting by Charities: Statement of Recommended Practice 1 (SORP 1), except as set out below in respect of Heritage Assets, Pension Accounting and Investments.

The benefits of the Library's long leasehold arrangements in its premises at the Clock Tower Building, within Dublin Castle, are not reflected in these Financial Statements.

The staff of the Library participate in the statutory Public Service Pension Scheme. The pensions payable under this scheme have been and continue to be payable by the Library and the cost of these pensions form part of the ongoing Library payroll funding, through the annual Grant-in-Aid receivable from the Department of Arts, Heritage and the Gaeltacht. Generally Accepted Accounting Practice in Ireland would require that the net actuarial cost of this pension obligation be provided for in the financial statements, however, because such costs are funded through the annual Grant-in-Aid as they arise, no such net provision is considered necessary and accordingly it has not been made.

Because the Trust is not entitled to reclaim value added tax, all costs, assets and liabilities are, where appropriate, inclusive thereof.

All income and expenditure arising in connection with the activities of the Library are dealt with in the Statement of Financial Activities except that expenditure paid directly by the Department of Arts, Heritage and the Gaeltacht is not included in the financial statements.

b Heritage assets

The principal asset of the Library is the invaluable and extensive collection which consists of ancient biblical papyri; exceptional Islamic manuscripts of outstanding cultural and artistic value; Japanese, Chinese and European manuscripts; an Imperial Mughal Indian painting collection, one of the finest in existence; valuable printed books, prints, drawings; and important decorative arts objects from Asia and Europe. The Library is regarded as holding one of the finest collections of its kind ever amassed by a single connoisseur-collector. Further information is given in note 8.

No value recognition is given to this material asset in these Financial Statements as the Collection is inalienable, unique, irreplaceable and extensive, and information on its value is not readily available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements.

All expenditure on additions to, and management of, the Collection is charged to the Statement of Financial Activities as incurred. Heritage assets purchased or donated within the last five years are set out in note 8 to the balance sheet at cost or valuation at the time of acquisition, where such a valuation is reasonably obtainable. Valuations of donations are carried out during the year of acquisition by the Library's curators and, where appropriate, with reference to external experts and/or recent sales of similar objects.

c Grants

Grants from the Department of Arts, Heritage and the Gaeltacht are dealt with in the Statement of Financial Activities on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

d Sponsorship, subscriptions and similar income

Sponsorship, subscriptions and similar income are accounted for as restricted funds when so designated by the contributor. Such funds receivable for restricted purposes are dealt with through the Statement of Financial Activities - restricted funds, on an accruals basis. Expenditure from these funds is dealt with in the specific funds through the Statement of Financial Activities.

Funds receivable for which there is no specific purpose designated by the contributor, are dealt with in the Statement of Financial Activities - unrestricted funds, on an accruals basis.

e Tangible fixed assets and depreciation

The Library's long leasehold premises at Dublin Castle and most of its initial fit-out were provided by the State and accordingly are excluded from the financial statements.

Other tangible fixed assets acquired by the Library are stated at cost less accumulated depreciation.

The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated are as follows:

Leasehold improvements performed by the Library	15 years
Fixtures, fittings and equipment	5 years

f Stocks

Stocks, excluding the Library contents, mainly consist of publications, catalogues, gifts and cards and are stated at the lower of cost and net realisable value. In accordance with this policy, no recognition is given to stock donated to the Library.

g Investments

Investments are stated at market value at the year end based on their middle market quotation.

2 Taxation status of the Trust

The activities of the Trust are exempt from taxation – taxation reference no. CHY 5879.

3 Shop gross profit	2016 €	2015 €
Shop sales proceeds	<u>279,525</u>	<u>258,644</u>
Opening stock	109,532	91,644
Purchases	<u>132,702</u>	<u>156,473</u>
Closing stock	<u>(82,482)</u>	<u>(109,532)</u>
Cost of sales	<u>159,752</u>	<u>138,585</u>
Gross profit (2016: 43%; 2015: 46%)	<u>119,773</u>	<u>120,059</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Other income	Restricted €	Unrestricted €	2016 €	2015 €
Photography	-	6,638	6,638	8,517
Reproduction fees	-	3,411	3,411	6,744
Royalties	-	532	532	216
Exhibitions loan costs refunded	-	-	-	1,383
	<u>-</u>	<u>10,581</u>	<u>10,581</u>	<u>16,860</u>
5 Occupancy and administration	Restricted €	Unrestricted €	2016 €	2015 €
Property maintenance	-	95,704	95,704	101,857
Travel	-	19,723	19,723	35,243
Meetings/receptions	-	3,184	3,184	6,388
Subscriptions	-	8,216	8,216	12,772
Advertising and public relations	-	100,762	100,762	93,868
Staff training	-	8,555	8,555	18,897
Non-pay related staff costs	-	8,916	8,916	16,495
Postage and telephone	-	20,391	20,391	23,575
Printing and stationery	-	10,612	10,612	9,524
Computer costs	-	23,881	23,881	19,946
Insurance	-	26,799	26,799	30,463
Legal fees	-	9,197	9,197	9,508
Professional fees (audit and payroll)	-	30,343	30,343	33,120
Miscellaneous expenses	100	1,273	1,373	1,609
	<u>100</u>	<u>367,556</u>	<u>367,656</u>	<u>413,265</u>
6 Other expenditure	Restricted €	Unrestricted €	2016 €	2015 €
Events	-	22,204	22,204	9,635
Exhibition costs	-	81,846	81,846	56,082
Purchases for the Collection	-	-	-	1,600
Conservation	23,096	66,978	90,074	89,321
Education	-	79,336	79,336	82,388
Photography	-	8,157	8,157	17,476
Books and periodicals	-	17,981	17,981	19,752
Publications	-	12,059	12,059	-
Consultancy	-	71,214	71,214	73,649
Equipment maintenance	-	20,492	20,492	31,615
Storage	-	20,968	20,968	21,402
Bank charges	-	1,047	1,047	2,529
Shop expenses	-	10,862	10,862	20,334
Membership expenses	-	27,158	27,158	27,360
	<u>23,096</u>	<u>440,302</u>	<u>463,398</u>	<u>453,144</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Tangible fixed assets	Leasehold improvements	Fixtures, fittings and equipment	Total
	€	€	€
Cost			
At 31 December 2015	1,991,428	1,736,810	3,728,238
Additions	-	126,292	126,292
At 31 December 2016	<u>1,991,428</u>	<u>1,863,102</u>	<u>3,854,530</u>
Accumulated depreciation			
At 31 December 2015	1,062,091	1,653,216	2,715,307
Charge for year	132,763	67,535	200,298
At 31 December 2016	<u>1,194,854</u>	<u>1,720,751</u>	<u>2,915,605</u>
Net book amount			
At 31 December 2016	<u>796,574</u>	<u>142,351</u>	<u>938,925</u>
At 31 December 2015	<u>929,337</u>	<u>83,594</u>	<u>1,012,931</u>

All fixtures, fittings and equipment purchased prior to 2012, amounting to €1,582,030 (2015: €1,582,030) are fully depreciated.

8 Heritage assets

As noted in note 1 (b), heritage assets have not been included in the financial statements as information on their value or cost is not attainable. However information regarding the collection is set out below.

(a) Nature and scale of the collection

Chester Beatty's library has been described as the finest collection of manuscripts and books made by a private collector in the twentieth century. It includes representative samples of the world's heritage (artistic, religious and secular) from about 2700 BC to the present century.

The Western treasures of the Library include some of the earliest sources on papyrus for the bible and a great library of Manichean texts. The Biblical Papyri, dating from the second to the fourth century AD, consist of the earliest known copies of the four gospels and Acts of the Apostles, the Letters of St Paul, the Book of Revelation and various very early Old Testament fragments. Armenian and Western European manuscripts from medieval, Renaissance and modern times, prints, early and fine books and bindings complete a remarkable conspectus of the arts of manuscript production and printing from many cultures and periods.

Over 6,000 individual items, mainly manuscripts and single-page paintings and calligraphies, make up the Islamic Collections. This includes more than 260 complete and fragmentary Qur'ans, some dating from the late eighth and ninth centuries and including the work of the leading calligraphers of the Islamic world.

The East Asian Collections include a fine series of albums and scrolls from China, the largest collection of jade books from the Imperial Court outside China and a large collection of textiles and decorative objects. The Japanese holdings contain many superb painted scrolls from the 17th and 18th century, woodblock prints by Hiroshige and Hokusai and many others as well as decorative art objects.

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Heritage assets - continued

(a) Nature and scale of the collection - continued

The size of the collection in numerical terms is almost impossible to quantify as how a single object is defined does not have a definitive answer; for example, a Japanese painted scroll might be comprised of a number of separate scrolls.

More detailed descriptions of the collection by area and including images can be found on the CBL website (www.cbl.ie).

(b) Heritage Asset management

Acquisitions

Chester Beatty's Will enables the Trustees to add to the collection and notable additions have been made over the years, most importantly, additional folios to manuscripts already held in the collection. The Library has also been extremely grateful to receive substantial private donations, which has enabled it to add to the collections in recent years. The purpose of the collecting policy of the Chester Beatty Library is to complete, to amplify and to enrich the Chester Beatty Library collections. It is a particular interest of the Library to collect portions of manuscripts or other works of art already owned in part by the Library. All acquisitions require the approval of the Board of Trustees.

Preservation and Management

The Library has a dedicated Conservation Department that specialises in book and paper conservation. Conservators are involved in every aspect of conservation and preservation to ensure the safeguarding of the collections during handling, transport, storage and display. The conservators work to stabilise and repair the objects in the Collection. All treatments are governed by a policy of minimum intervention to ensure that the historical integrity of the object is maintained. Due to the wide variety of material in the Library, specialist conservators are consulted to treat materials such as textiles and ceramics. All work is carried out in accordance with a strict professional code of conduct. Staff undertake technical examination and research which contributes to a better understanding of the Library's objects and the development of practical conservation techniques. This information is disseminated through training interns, professional publications, lectures and the Library's education programme.

The Library records its Collection on a collections management system that includes a description of the objects as well as image, age, location and other information. The CBL continues to enhance the database to expand the information recorded on each asset, and improve functionality of the database.

Disposal

The Trustees are constrained by the terms of the Will of Alfred Chester Beatty from disposing of the material in the Collection.

(c) Acquisitions for the Collection for the current year and the previous four years are as follows:

Year	Purchased €	Donated €	Total €
2016	-	-	-
2015	1,600	-	1,600
2014	14,478	-	14,478
2013	-	-	-
2012	-	-	-
2011	48,861	7,500	56,361
2010	87,728	-	87,728

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Investments	2016 €	2015 €
Bonds	173,773	260,141
Equities	894,959	931,236
Cash	252,968	222,838
Absolute Return Fund	122,170	-
	<u>1,443,870</u>	<u>1,414,216</u>
Bank deposit account	1,480,140	1,762,038
Prize Bonds	250,000	-
	<u>3,174,010</u>	<u>3,176,254</u>

Bank deposits above are classified as investments as they do not form part of the Library's working capital and are being held for the longer term.

10 Restricted funds	2016 €	2015 €
Unamortised capital grants	1,523,089	1,531,745
Unexpended grants, sponsorship and donations	235,633	206,168
	<u>1,758,722</u>	<u>1,737,913</u>

11 Reconciliation of net cash flow to movement in bank balances	At 31 December 2015 €	Cash flow €	At 31 December 2016 €
Bank deposit account - restricted	245,615	(41,234)	204,381
Bank deposit accounts - unrestricted	1,516,423	(240,665)	1,275,758
Bank accounts	645,316	213,337	858,653
	<u>2,407,354</u>	<u>(68,562)</u>	<u>2,338,792</u>

12 Judgements in applying policies and key sources of estimation uncertainty

There are no significant judgements in applying the accounting policies or significant areas of estimation.

13 Development Fund

The Development Fund was set up from the net proceeds of sale in 1999 of the Library's former premises at Shrewsbury Road less the contribution paid to the Office of Public Works in 2000 towards the cost of fit out of the Clock Tower Building at Dublin Castle under the Cy Pres Scheme of 16 December 1997. The Development Fund serves as a seed capital fund for a development programme for the Library.

14 Approval of financial statements

The Trustees and the Director/Librarian approved the financial statements on _____.