

**Federation  
of British  
Artists  
Limited (The)**

**Report of the Board and  
Consolidated Financial  
Statements**

31 December 2019

Company Limited by Guarantee  
Registration Number  
683275 (England and Wales)

Charity Registration Number  
200048

## Contents

### Reports

Legal and administrative information	1
Chairman's foreword	2
Report of the Board	3
Independent auditor's report to the Members	18

### Financial Statements

Consolidated statement of financial activities	21
Balance sheets	22
Consolidated statement of cash flows	23
Principal accounting policies	24
Notes to the financial statements	29

## Legal and administrative information

### Directors and Trustees

The following trustees and officers were in office during the year and since the year-end:

Alistair Adams RP (appointed 7 November 2019)  
David Brammeid RBA  
Jeannette Corina De Lacey PS  
Eela Devani (appointed 7 November 2019)  
Jonathan French  
Jonathan Glasspool (Chairman)  
Robin Hazlewood RI (appointed 7 November 2019)  
Nicholas Pollard SWLA  
Alan Power HH  
Rosa Sepple RI (resigned 7 November 2019)  
David St John Rosse RSMA  
John Walton RP (resigned 25 July 2019)  
Benjamin Ward NEAC  
Marc Winer (resigned 25 July 2019)

### Executive Team

Clare O'Brien (CEO, joined February 2019)  
Lewis McNaught (Director, retired February 2019)  
Kwame Brantuo- Boateng (Company Secretary and Head of Finance, left December 2019)  
John Sayers (Company Secretary, retired February 2019)  
Amy Huntington (Head of Exhibitions and Events)  
Eamonn Bambury (Director of Finance and Operations joined December 2019)  
Chris Travers (Head of Engagement and sales joined December 2019)

### Auditor

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

### Solicitor

Stone King LLP  
16 St John's Lane  
London EC1M 4BS

### Investment Manager

Quilter Cheviot  
1 Undershaft  
London EC3A 8BB

### Banker

Barclays Bank plc  
Level 27  
1 Churchill Place  
London E14 5HP

## Chairman's foreword

As this annual review and report for 2019 for the Federation of British Artists (FBA) is being prepared, the UK is in lockdown due to the coronavirus pandemic.

The outlook has changed from that which had been projected hitherto for the Federation for 2020-25. We are looking to a future which carries huge uncertainties for the artists we promote. Our core and dedicated audience may no longer have the appetite to travel to a central London gallery space; the transport, presentation and celebration of artworks in a socially distanced society presents new challenges and a different way of experiencing the exhibitions; the desire to buy works of art in times of economic change may be limited.

We need to widen the FBA's reach and attract new audiences, visitors and buyers either to the exhibitions we stage or virtually through our improved digital platforms. We continue to plan to exhibit and sell the works of the +550 figurative artists, members of one or more of the esteemed art societies which we represent. These are:

Hesketh Hubbard Life Drawing Class  
New English Art Club  
The Pastel Society  
Royal Institute of Painters in Watercolours  
Royal Society of British Artists  
Royal Society of Portrait Painters  
Royal Society of Marine Artists  
Royal Society of Oil Painters  
Society of Wildlife Artists

A flexible and agile approach will be paramount to navigate the uncharted times ahead.

The FBA can report positively on activities during 2019 and a buoyant start to 2020. Whilst we hope these results will herald a quick return to purchasing artworks as the country returns to normality, we have to plan for a period of lower activity as the economy recovers. Numbers of visits to the galleries in 2019 increased by 17%, reaching over 66,000. Overall sales of artworks across all activities were slightly reduced however direct sales from exhibitions in the galleries increased. A small deficit for the year was budgeted and proved less than originally anticipated.

Income from exhibition and event hire continues to play a major part in enabling us to stay at Mall Galleries. We are grateful to all our hirers, sponsors and Mall Galleries Friends and patrons. Minerva once again have sponsored a very well received FBA Futures in January 2020. The generous ten year sponsorship from Columbia Threadneedle ended with the final prize winner's exhibition. And Friends membership increased by 100.

I would like to welcome new Friends and I look forward to greeting you, and our existing Friends and Patrons, to the galleries when we re-open.

Finally I'd like to thank Clare O'Brien, CEO appointed in February 2019, her newly appointed executive team and the staff at the galleries, and to all our member artists for their ongoing support and enthusiasm at such a difficult time for the FBA.

Jonathan Glasspool

Chairman, Federation of British Artists

## **Report of the Board 31 December 2019**

The Board of Trustees (the "Board") is pleased to present the annual report and review of the Federation of British Artists (the "Federation"), together with the consolidated financial statements of the Federation and its subsidiary company Mall Galleries Trading Limited for the financial year ended 31 December 2019. This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 28 and comply with the charity's Articles of Association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

### **Structure, Governance and Management**

#### ***Structure***

The Federation of British Artists Limited was established as a company limited by guarantee and is governed by a Memorandum and Articles of Association dated 13 February 1961. In October 2009 the company's Articles were updated to comply with the requirements of the Companies Act 2006. These revised Articles have been filed at Companies House and with the Charity Commission.

The company, which does not have share capital, is registered as a charity with the Charity Commission and manages a large, modern gallery space - Mall Galleries - in the heart of central London.

There are nine member art societies, each of which brings a long and distinguished heritage to the Federation. Eight of these members are also registered charities: Royal Institute of Painters in Water Colours, Royal Society of British Artists, Royal Society of Marine Artists, Royal Society of Portrait Painters, Royal Institute of Oil Painters, New English Art Club, Pastel Society and Society of Wildlife Artists. The ninth member is the Hesketh Hubbard Art Society, London's largest life-drawing group.

A Board of Trustees is responsible for governance and control of the company and meets at least four times a year. The delivery of the charity's objectives and the Board's policy-making decisions are delegated to the staff of the Federation under the direction of the chief executive officer.

#### ***Appointment of Trustees***

Members of the Board constitute directors of the charitable company for the purposes of the Companies Act 2006 and trustees of the charitable company for the purposes of charity legislation.

## **Structure, Governance and Management (continued)**

### ***Appointment of Trustees (continued)***

The Board comprises a maximum of nine elected trustees, each of whom is recruited from and by the representatives of the nine member art societies of the Federation at a general meeting of the company. Additionally, up to six co-opted trustees may also be appointed. These trustees are recruited by personal contact for the expertise they bring in areas such as marketing, legal affairs and finance. Existing trustees carry out an assessment of each new governor's skills in order to evaluate their potential contribution to the charity's development before they are appointed. The members of the Board elect the chairman.

On election or co-option to the Board, trustees are sent a pack of relevant documents to enable them to understand their legal responsibilities as directors and to fulfil their responsibilities as trustees of the charity. This pack comprises the company's Articles of Association, advice on disclosure of interests, financial statements and minutes of the board meetings for the previous year. All members of the Board receive regular information from the Director and Secretary on matters relating to the Federation and its future plans, as well as to more general matters relating to charity governance. Elected trustees already have a good understanding of the Federation and how it is organised through their membership of one of the constituent art societies.

All trustees retire by rotation every three years and are eligible for re-election to serve up to a maximum of six years continuously. After six continuous years of service they are not eligible for re-election for at least one year.

### ***Organisation***

The CEO is responsible for the day-to-day management of the charity and for implementing all policy decisions determined by the Board. An Executive team, comprising a Director of Finance and Operations, Head of Exhibitions and Events, Head of Engagement and Sales support the CEO.

While still retaining final responsibility, the Board delegates oversight of certain important areas of governance to three committees, each of which reports to and is accountable to the Board. These committees include the Finance and Budget Committee, which considers all matters relating to finance, the charity's annual budget, investments, remuneration and risk management; the Exhibitions Committee, which monitors overall standards and evaluates all non-member exhibitions for their contribution to furthering the objectives of the charity; and the Education Committee, the function of which is to further the educational initiatives of the Federation.

The key management personnel of the charity in charge of directing, controlling, running and operating the charity comprise the Trustees, the CEO and the Executive team. Remuneration of the CEO and the Executive team is overseen by the charity's Finance and Budget Committee, with reference to industry benchmarking. The same Committee advises and assists with personnel, recruitment and disciplinary issues when required.

## **Structure, Governance and Management (continued)**

### ***Organisation (continued)***

The Federation is an equal opportunities employer. Recruitment criteria and procedures ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. Where appropriate and possible, special training is provided to enable employees to progress within and to advance their careers outside the organisation.

The trading activities of the Federation are conducted by Mall Galleries Trading Limited, the charity's wholly owned trading subsidiary, incorporated in England and Wales in July 2007 (registered number 06315430). The company has a licence from the charity to operate all sponsorship and retailing activities on behalf of the charity. It donates all its profits in the year to the Federation by way of Gift Aid.

### ***Risk Management***

The Executive team and Board have a strategy for the management of risks faced by the charity. Risk processes are kept under constant review and comprise the following key controls:

- ◆ A formal quarterly assessment of all risks by the Finance and Budget Committee, in conjunction with senior charity staff, which leads to the updating, monitoring and circulation of a Register of Headline Risks to mitigate these risks throughout the year.
- ◆ A formal annual review of the charity's risk management process by the Finance and Budget Committee.
- ◆ A review of the charity's Register of Headline Risks at each meeting of the Board.
- ◆ Regular executive meetings take place, weekly, fortnightly and monthly with the senior management team; project managers and all the staff to ensure effective planning and delivery takes place.

Through the implementation of these risk management controls, the Board has evaluated the main financial and non-financial risks to the organisation and is satisfied that the risks identified are adequately monitored and managed.

The key risks for the charity, as identified by the trustees, are described below, together with the principal ways in which they are mitigated:

#### ***Disruption caused by Covid-19***

The impact of Covid-19 on the business has been significant, however the healthy reserves, cash balance and the government job retention scheme along with other expenditure savings have enabled the organisation to plan for a resilient future, whilst safeguarding the safety of the FBA's staff and its visitors. Longer term budget planning, modelling cost-effective approaches to achieving the organisation's objectives and reducing expenditure all contribute towards ensuring the FBA is a going concern:

The following is the impact on the galleries' activities in 2020 and our actions to mitigate the risk

**Structure, Governance and Management** (continued)

**Risk management** (continued)

- ◆ Gallery has been closed from March 20 2020.
- ◆ Cancellation of three FBA exhibitions has reduced the number of artwork sales in Quarter 2, however these will take place in the autumn.
- ◆ Cancellation or deferment of most of the gallery hirers for either exhibitions or one-off events over a full nine months.
- ◆ Re-opening season autumn 2020 may see a reduced number of visitors and artwork sales.

Mitigation:

- ◆ Re-opening of the galleries in the autumn 2020 to include an improved digital artwork sales platform and staffing presence in the galleries to encourage sales.
- ◆ Delivering new exhibitions online during lockdown to encourage sales.
- ◆ Gallery hirers – where possible the income received in deposits has been held and the activity rescheduled to 2021.
- ◆ Expenditure savings:

Staff – Utilisation of the Government Job Retention Scheme from April, as of August 2020 2/3 of staff are in the scheme, the senior management are also on reduced pay.

Rent holiday from the freeholders and for business rates.

Reduced or no activity has led to savings in the running cost of the premises.

*Premises*

The Federation operates from Grade 1-listed premises built in 1863. The age of the building requires us to undertake continuous monitoring for repairs and maintenance. Issues identified in the Fire Risk Assessment each year are assessed and prioritised for attention.

Water ingress and other faults arising within the building and, in particular, within the charity's Learning Centre require frequent vigilance.

Occupation of the learning centre will be under review in 2020 as the prevalent damp has rendered some of the spaces unusable.

In cooperation with the charity's landlord, security issues and fire alarm resources are monitored continuously.



**Structure, Governance and Management** (continued)

***Risk management*** (continued)

*Gallery Operations*

Regular servicing of the Galleries' principal air conditioning and heating unit is required to maintain the operational efficiency of the system, installed in 2016.

A Major Incident Response protocol has been developed to manage incidents comprising an actual or suspected threat from inside or outside the premises.

The volume of visitors at all our exhibitions and events is monitored to ensure Mall Galleries complies with Westminster City Council licensing requirements.

*Organisation & Governance*

All pay reviews are evaluated for impact on operational and financial performance.

Staffing issues, including new appointments and where appropriate, disciplinary matters, are escalated by the executive team to the Finance and Budget Committee.

Reputational risks are evaluated at each quarterly Finance and Budget Committee meeting.

A comprehensive review of operating platforms and databases was initiated in 2017, to enable the charity to ensure compliance with the new and stronger controls over the use of personal data (General Data Protection Regulations).

Data security issues and controls are monitored and enhancements made to protect data from systems failures.

*Finance*

Cash flow is kept under continual review. Accounting systems are being upgraded with a view to introducing greater efficiencies to Members, Friends, artists, Gallery visitors and reporting to the Board. Achieving and maintaining the charity's agreed level of free reserves is a priority monitored by the Board.

The combination of quarterly statements together with a rigorous forecasting process alerts the Finance and Budget Committee and trustees to any variances requiring attention.

The charity's financial priorities, as set out and agreed by the trustees or identified during the annual audit, are kept under constant review.

## **Objectives of the Charity**

### ***Our Mission Statement***

The Federation aims to provide a national focal point for contemporary figurative and representational art in a variety of different mediums and genres by living artists.

The charity encourages and promotes the practice and appreciation of the visual arts. We champion young and emerging talent, together with well-established artists.

Education and accessibility lie at the heart of the Federation. The charity is committed to offering an active programme of education to diverse audiences. The charity also aims to make its exhibitions and activities accessible to the widest number of visitors and age groups.

The Federation sets out to achieve these objectives by:

- ◆ Providing administration, technical services and facilities for the Federation's member societies and for their annual exhibitions held at Mall Galleries.
- ◆ Providing concessionary access to large numbers of our visitors and free access to everyone under the age of 25.
- ◆ Providing facilities for the weekly life-drawing sessions of the Hesketh Hubbard Art Society.
- ◆ Providing exhibition facilities for other artists, group shows and organisations whose objectives are consistent with furthering the charitable objectives of the Federation.
- ◆ Facilitating prizes and bursaries to artists with the aim of encouraging participation and fostering excellence.
- ◆ Mounting new exhibitions that further the role of the Federation as a forum for contemporary figurative painting and sculpture.
- ◆ Organising debates, tours, workshops and artist-led demonstrations, most of which are free to visitors and all of which draw on the rich resources of our member societies.
- ◆ Reaching out to a diverse range of audiences through an innovative art and heritage education programme of on-site workshops and community outreach. The charity is committed to engaging some of the most excluded and marginalised audiences.

After consideration of the Charity Commission's guidance on public benefit, the Board regards these initiatives, together with our commitment to accessibility, as important means of delivering public benefit.

**Objectives of the Charity (continued)**

***Our Mission Statement (continued)***

In order to finance these activities, the Federation is reliant for the majority of its income on donations, sponsorship, sales commissions, gallery rental, our Friends, patrons and membership fees. We receive no government funding.

**Review of Achievements and Performance**

***Exhibitions***

A total of x39 exhibitions were hosted at the Mall Galleries:

- ◆ x11 Federation of British Artists' exhibitions including;
  - x9 FBA Annual Society Exhibitions
  - FBA Futures; a contemporary exhibition by emerging, recently graduated artists
  - In The Studio; a collaborative exhibition of 22 artists between 18 and 26, inspired by the FBA society model
- ◆ x2 Major Art Prizes
- ◆ x1 Exhibition and Auction
- ◆ x3 Art Fairs
- ◆ x13 Group Shows
- ◆ x8 Solo Shows

**Full list of Exhibitions staged in 2019**

**FBA Society Annual Exhibitions:**

- The Pastel Society
- Royal Society of British Artists
- Royal Institute of Painters in Water Colours
- Royal Society of Portrait Painters
- New English Art Club
- Royal Society of Marine Artists
- Society of Wildlife Artists
- Royal Institute of Oil Painters
- Hesketh Hubbard Art Society

**'REGULAR' Group Shows:**

- Artist and Illustrator Magazine
- David Shepherd Wildlife Artist of the Year
- Society of Botanical Artists
- The Guild of Aviation Artists
- Qualiart
- The Wapping Group
- Lynn Painter-Stainers Prize
- Sunday Times Watercolour Competition
- The Society of Women Artists
- ING Discerning Eye
- The Royal Society of Miniature Painters and Sculptors

**CHARITABLE Exhibitions:**

- Art for Youth

**'ONE OFF' Group or Solo Exhibitions:**

- Lydia Bauman
- Dan Davidson
- David Cobley
- Kelvin Okafor
- Ana Schmidt
- Rhys Frampton
- Contemporary Wales
- Janie Perie

**FBA CURATED/ COLLABORATIVE Exhibitions:**

- FBA Futures
- In The Studio

**PHOTOGRAPHY Group Exhibitions:**

- Twinings Sourced with Care Photography
- British Life Photography
- Food Photography Awards
- British Wildlife Photography
- Weekend Magazine Photography

**ART FAIRS**

- Connect Art Fair
- HALI Textile Art Fair
- Tribal Art London Fair

**OTHER:**

- Lyon and Turnbull Exhibition and Auction
- Workshops Week

**Review of Achievements and Performance (continued)**

**Artworks**

For the Federation of British Artists exhibitions at Mall Galleries (excluding FBA Futures):

- ◆ 11,817 works of art were submitted to be shown, of which 910 were selected. This amounts to c. 8% of submitted works.
- ◆ 67% of the artworks shown were by FBA members and 33% non-members (including invited artists).
- ◆ 567 i.e. c. 20% of works exhibited were sold.
- ◆ In total for the year, 2,868 artworks were exhibited.

*FBA Futures*, comprised 82 artworks by 41 artists

A further 70 artworks were commissioned, the majority of which were commissions for portraits.

Non-FBA exhibition highlights included:

Realist artist and urban planning architect Ana Schmidt became the tenth winner of The Columbia Threadneedle Prize for Figurative Art in 2018, and awarded a solo exhibition in September 2019. *City of Shards*, showcased new paintings on the artist's signature theme: urban landscapes.

Scottish and London Based Auction house, Lyon & Turnbull presented Modern Made; an exhibition showcasing British and international post-war art, sculpture, design and ceramics, followed by a one-day art auction.

Kelvin Okafor staged Retrospective; his largest solo exhibition to date of meticulous pencil drawings from the last ten years including a new portrait reveal of John Lennon.

The inaugural staging of Connect – The Independent Art Fair took place in January; an affordable Art Fair established and run by a collective of 34 art dealers from London and regionally.

Wales Contemporary presented an exhibition of drawing and original prints by national and international artists inspired by the culture and landscape of Wales.

**Visitors to the Galleries and online digital engagement**

- ◆ 66,000 visits
- ◆ Website users/visitors: 382,633 increase of 23% (311,884)
- ◆ Social Media:
  - Facebook: 22,100 followers increase of 6.9%
  - Instagram: 30,300 followers increase of 81%
  - Twitter: 13,600 followers.

**Review of Achievements and Performance** (continued)

***Education and Learning***

During each of the eight art society exhibitions, a lively programme of artist-led workshops and demonstrations took place; a week of workshops took place in August plus a demonstration day with six artists for the publisher's Search press.

In the Studio, the programme for 22 artists aged between 18 and 26 culminated in an exhibition of their work in August 2019. Alongside FBA Futures this project is at the heart of the FBA's aim to support and encourage emerging artists. It gave these artists the opportunity to meet established artists in their studio, explore their practice and learn about how to build a career in the sector.

***Supporters***

We are very grateful to our sponsors, the Mall Galleries patrons and Friends for their invaluable support. These contributions enable the many and generous art prizes and the learning programme which focusses in particular on nurturing and encouraging emerging artists to develop their careers.

The number of FBA Mall Galleries Friends increased by 5% to 1,863.

List of key donors and sponsors

Hina and John Sandhu

Foundation Derbyshire

The Hottinger Group

Minerva Executive Search

The Thistle Trust

Columbia Threadneedle Foundation

Garfield Weston Foundation

***Developing our Resources***

Improvements to the infrastructure continue to be paramount – merging the various datasets and de-duplicating the data to create one customer record is an ongoing project and will form the basis of a customer relationship management system. To enable business continuity recording processes and updating procedures has been a valuable project during lockdown.

***Our Energy Policy***

The FBA continues to strive to conserve and save its energy use with ongoing improvement and regular maintenance of the services.

## Future Plans

### ***New Aims and Ambitions for 2020-25***

The FBA Board approved the following ambitions for 2020-25. They are a re-enforcement of the mission statement and guiding principles of the FBA:

The Federation of British Artists will:

1. be the centre for living, figurative artists
2. be the showcase for living figurative artists
3. Sell art with digital at the centre
4. Share expertise and knowledge to emerging artists and students
5. Significantly invest in the staff by revolutionising the infrastructure and the working environment
6. Grow core income streams and develop new ones
7. Review Mall Galleries as the location as the lease approaches the end in 2031

During 2019 work began to deliver these aims with an emphasis on ambition 5. The first step was to recruit a new executive team. Three senior positions were created: Director of Finance and Operations, Head of Engagement and Sales and Head of Exhibitions and Events (already in situ). 2020 was identified as a year of transition during which the procedures would be reviewed, refined and streamlined. This includes introducing a customer relationship management system, updating the online payment platforms, and improving the financial procedures. This work has been underway during the Covid-19 lockdown so that when the Mall Galleries reopens in the autumn of 2020, the FBA will be in a more resilient position to deliver the aims outlined above.

2020 began in a positive vein, with buoyant artwork sales from the two art society exhibitions, the Pastel Society and the Royal Society of British Artists; and a well-received FBA Futures, the exhibition for emerging artists. During lockdown two figurative art exhibitions have been placed online, alongside the Royal Society of Portrait Painters and the Royal Institute of Painters in Watercolours. Artwork sales have been encouraging and bode well for re-opening the galleries in the autumn of 2020. Six art society exhibitions will be staged over the autumn of 2020, the three deferred from the Spring and Summer due to the lockdown and the three planned. The FBA will follow government guidelines as regards social distancing, hygiene and health and safety both front of house and back of house to ensure that the public, artists and staff are safe. The autumn will herald a celebration of figurative art as the FBA prepares for its 60<sup>th</sup> anniversary year in 2021.

**FINANCIAL REVIEW AND POLICIES**

**Results for the Year**

The Federation made an operating loss in 2019 of £28,477 from a loss in 2018 of £17,831.

Total income of £1,652,941 was £168,928 lower than in 2018 (£1,821,869). Income from sponsorship and donations was down by £105,678 of which £88,500 is explained by the discontinuation of the Columbia Threadneedle Prize. This also represents half the reduction on total income.

Our income from charitable activities was impacted by lower submission fees (£47,246) and commissions (£19,197) as we did not run The Columbia Threadneedle Exhibition in 2019. Overall turnover was 8% lower than 2018. Non society income from hiring the galleries was higher (£558,001) than 2018 (£516,012).

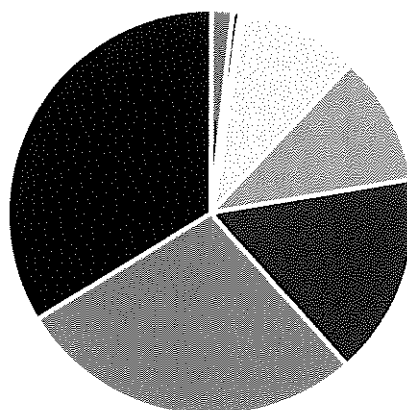
Overall expenditure was 9% lower than 2018. Charitable activities show a reduction of £156,385, approximately half of the fall (£82,700) in expenditure is explained by the loss of the Columbia Threadneedle Prize in 2019. £58,200 was saved in agency commissions and discounts on a Fine Art commission to Huawei that took place in 2018. Printing and stationery £23,776 were lower driven by reduced costs on non - society exhibitions.

Salaries formed 50% of our total costs and were higher than in 2018 which was 44%. We appreciate the staff are the most valued asset of the organisation without which we cannot operate.

Our overall cash position of £1,004,395 at the end of December 2019 shows an improvement of £162,344 in the year which has given the Federation resilience in the face of Covid-19.

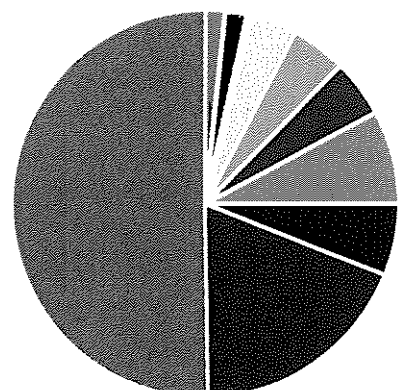
**Sources of Income and Expenditure**

Sources of income: 2019



- Sponsorship
- Donations and Legacies
- Investment Income & Other
- Subscriptions
- Exhibition Receipts
- Sales Commissions
- Visiting Exhibitions/Events

Sources of Expenditure 2019



- Professional Charges
- Catering
- Depreciation
- Printing and Stationery
- Mall Galleries Trading
- Other & Financial Expenses
- Advertising and Postage
- Premises
- Salaries

## **FINANCIAL REVIEW AND POLICIES (continued)**

### ***Our Policies***

The Federation has written policies and guidelines in place to cover the wide-ranging areas of our business, encompassing everything from the management of our premises and energy efficiency to promoting best practice in the wider arts sector.

These policies include: Health & Safety Policy, Energy Policy, Learning Centre Management & Maintenance Plan, Education Policy, Learning Centre Protocols, Child Protection and Safeguarding Vulnerable Adult Policy, Volunteer Policy, Access Statement and Intellectual Property Policy.

All Federation employees are required to understand and comply with these policies, which we review annually to ensure they are suitable for the organisation's structure and objectives. We strive to update our policies through on-going consultations with FBA Trustees, staff, artists and partners, as well as from public feedback.

### ***Pricing Policy***

Accessibility is a key element of our public benefit offering. We are committed to enabling as many people as possible to view our exhibitions and to participate in activities, regardless of their income and ability to pay. We charge a modest fee to enter some of our exhibitions at Mall Galleries. However, we offer concessions for local groups and networks, as well as for all students and visitors aged 65 or over. Friends and Patrons of Mall Galleries and all visitors under 18 years of age obtain free admission to all exhibitions.

### ***Investment Policy***

No Investments were held by the Federation as at 31 December 2019. All future investments will be impacted by the need to use cash reserves to support the organisation during the Covid-19 pandemic.

Interest on funds held in bank deposit accounts was £1,973 (2018: £1,597). Interest rates continue to be very low.

### ***Reserves Policy and Going concern***

The balance sheet shows total reserves of £1,351,895 (2018 - £1,380,372) consisting of restricted funds of £25,946 (2018 - £39,267) designated funds of £696,243 (2018 - £758,927) and free reserves of £629,706 (2018 - £582,178).

In the restricted education fund, income included £4,750 of donations from Patrons. Resources expended on educational programmes during the year amounted to £6,794. The unused balance carried forward of £25,946 will go towards the *In the Studio* project.



## **FINANCIAL REVIEW AND POLICIES (continued)**

### ***Reserves Policy and Going concern (continued)***

Designated funds consist of the premises maintenance fund for external painting and the tangible fixed assets fund. As the planned work in 2020 did not happen this year due to Covid-19, it was decided to keep the fund at £80,000 which is sufficient to cover future maintenance and the cost of the external painting.

New designations of £8,356 were made to the fixed assets designated fund to provide new IT and office equipment for the offices. The opening balance of £678,927 at 1 January 2019, the new designations of £8,356 less the released amount of £71,040 depreciation leaves a balance carried forward as at 31 December 2019 of £616,243. The tangible fixed assets fund recognises that the tangible fixed assets are required for the day-to-day operation of the charity and are not available for other purposes or general reserves.

Free reserves in the general fund amount to £629,706 (2018- £582,178).

The trustees have set a target level of reserves consistent with our ability to protect our future activities from unexpected financial risk as a minimum of three months of expenditure. This equates to £420,354 at 2019 levels. The current level of free reserves is therefore above the target of three months expenditure and is in line with the reserves policy.

Due to the Covid-19 situation our free reserves will take a substantial hit during the next financial year due to the impact of the gallery being closed for five months and then opening back up operating within Government guidelines and social distancing rules. Thereafter we will create a plan to build our reserves back up over a 5-year period to be in line with at least three months expenditure. As detailed in the accounting policies on page 25, the trustees have concluded that the charity will be able to continue to operate in the exceptional circumstances created by the pandemic. However, if the re-opening of the gallery is significantly delayed or there is a need for a second lock down, the charity may have to take further action to ensure its ability to continue as a going concern. The trustees have concluded that although there is a material uncertainty related to this, it is appropriate for the group and charity to continue to prepare its accounts on the going concern basis.

### ***The Charity's Assets***

Acquisitions and disposals of fixed assets during the period are recorded in the notes to the financial statements.

### ***The Board's Statement of Responsibilities***

The Trustees (who are also directors of the Federation of British Artists for the purposes of company law and trustees for the purposes of charity legislation) are responsible for preparing the Report of the Board and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## FINANCIAL REVIEW AND POLICIES (continued)

### *The Board's Statement of Responsibilities (continued)*

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

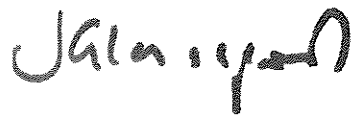
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**FINANCIAL REVIEW AND POLICIES** (continued)

***The Board's Statement of Responsibilities*** (continued)

The Trustees are responsible for the maintenance and integrity of financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the board:

A handwritten signature in black ink, appearing to read 'Jonathan Glasspool', written over a horizontal line.

(Jonathan Glasspool)

Trustee

Approved by the board on:

14<sup>th</sup> July 2020

**Independent auditor's report to the members of The Federation of British Artists**

**Opinion**

We have audited the financial statements of The Federation of British Artists (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 December 2019 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 December 2019 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Material uncertainty related to going concern**

We draw attention to the accounting policy on pages 24 and 25 of the financial statements regarding going concern, which sets out the material uncertainties related to going concern that arise as a result of the Covid-19 pandemic.

Our opinion is not modified in respect of this matter.

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also a directors' report for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of this report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Catherine Biscoe (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

19 August 2020

**Consolidated statement of financial activities** Year to 31 December 2019

	Notes	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
<b>Income and expenditure</b>							
<b>Income from:</b>							
Donations and legacies	1	3,521	6,828	10,349	5,798	47,729	53,527
Sponsorship income	2	28,200	—	28,200	90,700	—	90,700
Investments	3	1,973	—	1,973	1,665	—	1,665
Charitable activities							
. Subscriptions	4	171,261	—	171,261	172,027	—	172,027
. Exhibitions		265,835	—	265,835	307,746	—	307,746
. Commissions		460,151	—	460,151	498,613	—	498,613
. Non Society exhibitions		558,002	—	558,002	516,012	—	516,012
Other income	5	157,170	—	157,170	181,579	—	181,579
<b>Total income</b>		<b>1,646,113</b>	<b>6,828</b>	<b>1,652,941</b>	<b>1,774,140</b>	<b>47,729</b>	<b>1,821,869</b>
<b>Expenditure on:</b>							
Raising funds	6	3,529	—	3,529	5,426	—	5,426
Charitable activities	7	1,657,740	20,149	1,677,889	1,796,763	37,511	1,834,274
<b>Total expenditure</b>		<b>1,661,269</b>	<b>20,149</b>	<b>1,681,418</b>	<b>1,802,189</b>	<b>37,511</b>	<b>1,839,700</b>
<b>Net (expenditure) income before transfers between funds</b>	9	<b>(15,156)</b>	<b>(13,321)</b>	<b>(28,477)</b>	<b>(28,049)</b>	<b>10,218</b>	<b>(17,831)</b>
<b>Transfer between funds</b>	17	<b>—</b>	<b>—</b>	<b>—</b>	<b>(6,432)</b>	<b>6,432</b>	<b>—</b>
<b>Net (expenditure) income and net movement in funds for the year</b>		<b>(15,156)</b>	<b>(13,321)</b>	<b>(28,477)</b>	<b>(34,481)</b>	<b>16,650</b>	<b>(17,831)</b>
<b>Reconciliation of funds:</b>							
Balances brought forward at 1 January 2019		1,341,105	39,267	1,380,372	1,375,586	22,617	1,398,203
<b>Balances carried forward at 31 December 2019</b>		<b>1,325,949</b>	<b>25,946</b>	<b>1,351,895</b>	<b>1,341,105</b>	<b>39,267</b>	<b>1,380,372</b>

All recognised gains and losses are included in the above consolidated statement of financial activities.

All of the charity's activities derived from continuing operations during the above two financial periods.

**Balance sheets 31 December 2019**

	Notes	Consolidated		Federation	
		2019 £	2018 £	2019 £	2018 £
<b>Fixed assets</b>					
Tangible assets	13	<b>616,243</b>	678,927	<b>616,243</b>	678,927
Investments	14	—	—	<b>2</b>	2
		<b>616,243</b>	678,927	<b>616,245</b>	678,929
<b>Current assets</b>					
Debtors	15	<b>254,127</b>	233,842	<b>510,657</b>	579,076
Stock		<b>11,515</b>	19,996	—	—
Cash at bank and in hand		<b>1,004,395</b>	848,434	<b>724,377</b>	480,149
		<b>1,270,037</b>	1,102,272	<b>1,235,034</b>	1,059,225
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	16	<b>(534,385)</b>	(400,827)	<b>(499,386)</b>	(357,782)
<b>Net current assets</b>		<b>735,652</b>	701,445	<b>735,648</b>	701,443
<b>Total net assets</b>		<b>1,351,895</b>	1,380,372	<b>1,351,893</b>	1,380,372
<b>The funds of the group/charity:</b>					
Restricted funds	17	<b>25,946</b>	39,267	<b>25,946</b>	39,267
Unrestricted funds					
. Designated funds	18	<b>696,243</b>	758,927	<b>696,243</b>	758,927
. General fund		<b>629,706</b>	582,178	<b>629,704</b>	582,178
		<b>1,351,895</b>	1,380,372	<b>1,351,893</b>	1,380,372

Approved by the Board  
and signed on its behalf by:



(Jonathan Glasspool)

Trustee

Approved on: 14<sup>th</sup> July 2020

Company Registration Number  
683275 (England and Wales)



**Consolidated statement of cash flows** 31 December 2019

	Notes	2019 £	2018 £
<b>Cash flow from operating activities:</b>			
Net cash provided by (used in) operating activities	A	<b>162,344</b>	(30,338)
<b>Cash inflow (outflow) from investing activities:</b>			
Dividends and interest from investments		1,973	1,665
Purchase of tangible fixed assets		(8,356)	(9,245)
Proceeds from the disposal of fixed assets		—	333
<b>Net cash used in investing activities</b>		<b>(6,383)</b>	<b>(7,247)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>155,961</b>	<b>(37,585)</b>
<b>Cash and cash equivalents at 1 January 2019</b>	B	<b>848,434</b>	886,019
<b>Cash and cash equivalents at 31 December 2019</b>	B	<b>1,004,395</b>	848,434

**Notes to the statement of cash flows for the year to 31 December 2019.**

**A Reconciliation of net movement in funds to net cash provided by operating activities**

	2019 £	2018 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(28,477)</b>	(17,831)
<b>Adjustments for:</b>		
Depreciation charge	71,040	70,516
Dividends and interest from investments	(1,973)	(1,665)
Profit on disposal of tangible fixed assets	—	(333)
Decrease in stocks	8,481	3,929
(Increase) decrease in debtors	(20,285)	8,710
Increase (decrease) in creditors	133,558	(93,664)
<b>Net cash provided by (used in) operating activities</b>	<b>162,344</b>	<b>(30,338)</b>

**B Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	1,004,395	848,434
<b>Total cash and cash equivalents</b>	<b>1,004,395</b>	848,434

## **Principal accounting policies 31 December 2019**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year to 31 December 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets;
- ◆ allocation of expenditure and support costs; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern (see below).

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

**Assessment of going concern** (continued)

Covid-19 has had a noticeable impact on the charity's finances in the year to 31 December 2020 and potentially a lesser impact to at least mid 2021. The general reserve will take a substantial hit and will need to be reinstated in the following years. In terms of income, the impact will be felt most keenly through the cancellation and deferment of gallery hirers for exhibitions or one off events and also the likely impact on FBA exhibitions in terms of artwork sales. We have received the Government guidelines and will operate the gallery very mindful of employee and public safety. Expenditure will also be impacted by Covid-19, as activity will be lower, running and exhibition costs will also be lower. The Government employee job retention scheme will assist in offsetting costs in relation to furloughed staff. Rent and rates holidays will also have a positive impact on running costs.

Free reserves at the 31 December stood at £629,706 (2018 - £582,178). This level of reserves is above the three month requirement stipulated by the trustees £429,354 based on 2019 accounts. If the free reserves fall below this level as a result of the pandemic, the charity will build back to at least three months in its 5 year plan. A latest estimate and cash flow has been drawn up for 2020 and 2021 based on reopening the gallery again in September which the trustees deem to be most likely in the context of Covid-19.

The trustees have reviewed and approved this and concluded, in the light of our healthy current bank balance, that the charity will be able to continue to operate in the exceptional circumstances created by the pandemic. The trustees recognise, however, if the re-opening of the gallery is significantly delayed or there is a need for a second lock down, the charity may have to take further action to ensure its ability to continue as a going concern.. Having reviewed the available evidence, the trustees have concluded that although there is a material uncertainty related to this, it is appropriate for the group and charity to continue to prepare its accounts on the going concern basis.

**Basis of consolidation**

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the Federation and its subsidiary Mall Galleries Trading Limited made up at the balance sheet date.

No separate statement of financial activities has been presented for the Federation alone as permitted by section 408 of the Companies Act 2006.

**Income recognition**

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, sponsorship, income from charitable activities and investment income.

Income from charitable activities, including subscriptions, exhibitions and commissions, is recognised on a receivable basis. In the event that income is received in advance of the services being provided the income is deferred.

**Income recognition** (continued)

Sponsorship income is recognised on a receivable basis. In the event that income is received in advance of the service being provided the income is deferred.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees and direct costs associated with raising funds.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs in respect to membership, exhibitions, commissions and education, including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

#### **Allocation of support and governance costs**

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity, it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs, including staff related costs, and governance costs are apportioned based on estimated usage.

#### **Tangible fixed assets**

Assets costing more than £250 and with an expected useful life exceeding one year are capitalised.

- |                                   |  |
|-----------------------------------|--|
| ◆ Leasehold Improvements          | Over the life of the lease             |
| ◆ Furniture fixtures and fittings | 20% to 33.33% on a straight line basis |
| ◆ Office equipment                | 20% to 33.33% on a straight line basis |

#### **Fixed asset investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

#### **Stock**

Stock is valued at the lower of cost and net realisable value.

#### **Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

#### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Fund accounting**

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Designated funds comprise funds set aside out of unrestricted funds and designated for specific purposes by the Board.

Unrestricted general funds comprise those monies which may be used towards meeting the charitable objectives of the Federation at the discretion of the Board.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

**Pension contributions**

The charity operates a defined contribution pension scheme to which all employees are eligible. The pension charge represents payments to the scheme which are charged to the statement of financial activities in the period to which they relate. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

**1 Income from donations and legacies**

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Patrons	—	4,750	4,750	—	4,750	4,750
Trusts and foundations	3,521	2,078	5,599	5,798	42,979	48,777
<b>Total funds</b>	<b>3,521</b>	<b>6,828</b>	<b>10,349</b>	<b>5,798</b>	<b>47,729</b>	<b>53,527</b>

**2 Income from sponsorship**

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Sponsorship income	28,200	—	28,200	90,700	—	90,700
<b>Total funds</b>	<b>28,200</b>	<b>—</b>	<b>28,200</b>	<b>90,700</b>	<b>—</b>	<b>90,700</b>

**3 Income from investments**

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Fixed interest	—	—	—	68	—	68
Bank interest receivable	1,973	—	1,973	1,597	—	1,597
<b>Total funds</b>	<b>1,973</b>	<b>—</b>	<b>1,973</b>	<b>1,665</b>	<b>—</b>	<b>1,665</b>

**4 Income from charitable activities**

	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
Subscriptions						
· Members	113,275	—	113,275	111,291	—	111,291
· Friends and Patrons	57,986	—	57,986	56,736	—	56,736
· Lay-members	—	—	—	4,000	—	4,000
	<b>171,261</b>	<b>—</b>	<b>171,261</b>	<b>172,027</b>	<b>—</b>	<b>172,027</b>
Exhibitions	265,835	—	265,835	307,746	—	307,746
Commissions	460,151	—	460,151	498,613	—	498,613
Non society exhibitions	558,002	—	558,002	516,012	—	516,012
<b>Total funds</b>	<b>1,455,249</b>	<b>—</b>	<b>1,455,249</b>	<b>1,494,398</b>	<b>—</b>	<b>1,494,398</b>

**10 Staff costs, remuneration of key management personnel and Trustees' remuneration**

	2019 £	2018 £
Staff costs during the year were as follows:		
Wages and salaries	759,614	740,667
Social security costs	69,957	69,371
Pension costs	15,962	7,486
	<b>845,533</b>	<b>817,524</b>
Staff costs per function were as follows:		
Subscriptions	25,373	24,532
Exhibitions	343,263	331,893
Commissions	204,815	198,030
Non Society exhibitions	268,676	259,776
Education	3,406	3,293
	<b>845,533</b>	<b>817,524</b>

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

	Average headcount		Full time equivalent	
	2019	2018	2019	2018
Subscriptions	1	1	0.69	0.69
Exhibitions	16	18	9.34	9.34
Commissions	10	9	5.57	5.57
Non Society exhibitions	13	12	7.31	7.31
Education	—	—	0.09	0.09
	<b>40</b>	<b>40</b>	<b>23.00</b>	<b>23.00</b>

The number of employees who earned £60,000 per annum (including taxable benefits) or more during the year was as follows:

	2019	2018
£60,000 - £70,000	1	—
£70,000 - £80,000	1	1

£4,909 pension contributions were made on behalf of these member of staffs in 2019

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Trustees and the executive team. The total remuneration (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £214,552 (2018 - £196,644).

No Trustee received any remuneration for services as a member of the Board during the period (2018 - £nil). Travel and printing expenses amounting to £771 were reimbursed to three Trustees (2018 - £1,058 to three Trustees).



### 11 Net income from Mall Galleries Trading Limited

Mall Galleries Trading Limited is a wholly-owned subsidiary of the Federation which is incorporated in England and Wales. Mall Galleries Trading Limited receives commercial sponsorship on behalf of the Federation. A summary of Mall Galleries Trading Limited's results for the year to 31 December 2019 are shown below:

<b>Profit and loss account</b>	<b>31 December 2019 £</b>	<b>31 December 2018 £</b>
Turnover	<b>298,339</b>	408,700
Cost of sales	<b>(101,706)</b>	(174,481)
Gross profit	<b>196,633</b>	234,219
Administrative expenses	<b>(39,377)</b>	(39,590)
Net profit	<b>157,256</b>	194,629
Amount to be distributed to the Federation under Gift Aid	<b>(157,256)</b>	(194,629)
Retained in subsidiary	—	—

The £2 issued share capital equalled the net assets of the company as at 31 December 2019.

### 12 Taxation

The Federation of British Artists Limited is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

### 13 Tangible fixed assets

Federation and Group	Leasehold improvements £	Furniture fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 January 2019	1,066,818	61,133	76,529	<b>1,204,480</b>
Additions	—	5,043	3,313	<b>8,356</b>
At 31 December 2019	<b>1,066,818</b>	<b>66,176</b>	<b>79,842</b>	<b>1,212,836</b>
<b>Depreciation</b>				
At 1 January 2019	414,675	60,053	50,825	<b>525,553</b>
Charge for the year	59,286	1,504	10,250	<b>71,040</b>
At 31 December 2019	<b>473,961</b>	<b>61,557</b>	<b>61,075</b>	<b>596,593</b>
<b>Net book values</b>				
At 31 December 2019	592,857	4,619	18,767	<b>616,243</b>
At 31 December 2018	<b>652,143</b>	<b>1,080</b>	<b>25,704</b>	<b>678,927</b>

**14 Investments**

The investments of the charity consist solely of the charity's interest in the share capital of Mall Galleries Trading Limited.

**15 Debtors**

	Consolidated		Federation	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	<b>174,735</b>	114,472	<b>149,400</b>	100,499
Amounts due from subsidiary undertaking	—	—	<b>281,953</b>	359,800
Other debtors	<b>18,153</b>	39,760	<b>18,153</b>	39,717
Prepayments and accrued income	<b>61,239</b>	79,610	<b>61,151</b>	79,060
	<b>254,127</b>	233,842	<b>510,657</b>	579,076

**16 Creditors: amounts falling due within one year**

	Consolidated		Federation	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	<b>178,841</b>	125,163	<b>174,173</b>	117,705
Social security and other taxes	<b>104,971</b>	73,526	<b>93,433</b>	64,769
Deposits and fees received in advance	<b>177,340</b>	121,999	<b>165,423</b>	99,811
Other creditors and accruals	<b>73,233</b>	80,139	<b>66,357</b>	75,497
	<b>534,385</b>	400,827	<b>499,386</b>	357,782

Included above are deposit fees received in advance as set out below:

	2019 £	2018 £
Deferred income brought forward	<b>121,999</b>	174,066
Additional income deferred during the year	<b>171,174</b>	115,832
Brought forward funds released in the year	<b>(115,833)</b>	(167,899)
Deferred income carried forward at 31 December 2019	<b>177,340</b>	121,999

**17 Restricted fund**

	At 1 January 2019 £	Income £	Expenditure £	Transfers £	At 31 December 2019 £
Federation and Group					
Education fund	25,912	6,828	(6,794)	—	25,946
Threadneedle Exhibition	13,355	—	(13,355)	—	—
	<b>39,267</b>	<b>6,828</b>	<b>(20,149)</b>	<b>—</b>	<b>25,946</b>

	At 1 January 2018 £	Income £	Expenditure £	Transfers £	At 31 December 2018 £
Federation and Group					
Education fund	2,117	19,729	(2,366)	6,432	25,912
Threadneedle Exhibition	20,000	28,000	(34,645)	—	13,355
Futures Exhibition	500	—	(500)	—	—
	<b>22,617</b>	<b>47,729</b>	<b>(37,511)</b>	<b>6,432</b>	<b>39,267</b>

The Education fund comprises donations received for the learning project entitled 'In the Studio'.

The Threadneedle exhibition fund comprises donations received in connection with the prizes awarded during the annual Threadneedle exhibition.

The Futures Exhibition fund comprises funds received towards the FBA Futures Exhibition, providing a central London exhibiting opportunity for painters, printmakers and sculptors who have just completed degree courses at UK art schools.

**18 Designated funds**

	At 1 January 2019 £	New Designations £	Utilised/ Released £	At 31 December 2019 £
Federation and Group				
Premises maintenance fund	80,000	—	—	80,000
Tangible fixed assets fund	678,927	8,356	(71,040)	616,243
	<b>758,927</b>	<b>8,356</b>	<b>(71,040)</b>	<b>696,243</b>

	At 1 January 2018 £	New Designations £	Utilised/ Released £	At 31 December 2018 £
Federation and Group				
Premises maintenance fund	65,000	15,000	—	80,000
Tangible fixed assets fund	740,198	9,245	(70,516)	678,927
	<b>805,198</b>	<b>24,245</b>	<b>(70,516)</b>	<b>758,927</b>

**18 Designated funds (continued)**

The premises maintenance fund is designated to provide monies for the external painting of the galleries as required at regular intervals by the terms of the lease.

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. The fund recognises the fact that the tangible fixed assets are required for the day-to-day operation of the charity and are not available for other purposes or general reserves.

**19 Analysis of net assets between funds**

Group	General Fund £	Designated Funds £	Restricted Funds £	Total 2019 £
<b>Fund balances at 31 December 2019</b>				
<b>are represented by:</b>				
Fixed assets	—	616,243	—	616,243
Current assets	1,164,091	80,000	25,946	1,270,037
Creditors: amounts falling due within one year	(534,385)	—	—	(534,385)
<b>Total net assets</b>	<b>629,706</b>	<b>696,243</b>	<b>25,946</b>	<b>1,351,895</b>
Group	General Fund £	Designated Funds £	Restricted Funds £	Total 2018 £
<b>Fund balances at 31 December 2018</b>				
<b>are represented by:</b>				
Fixed assets	—	678,927	—	678,927
Current assets	983,005	80,000	39,267	1,102,272
Creditors: amounts falling due within one year	(400,827)	—	—	(400,827)
<b>Total net assets</b>	<b>582,178</b>	<b>758,927</b>	<b>39,267</b>	<b>1,380,372</b>
Federation	General Fund £	Designated Funds £	Restricted Funds £	Total 2019 £
<b>Fund balances at 31 December 2019</b>				
<b>are represented by:</b>				
Fixed assets	2	616,243	—	616,245
Current assets	1,129,088	80,000	25,946	1,235,034
Creditors: amounts falling due within one year	(499,386)	—	—	(499,386)
<b>Total net assets</b>	<b>629,704</b>	<b>696,243</b>	<b>25,946</b>	<b>1,351,893</b>

**19 Analysis of net assets between funds (continued)**

Federation	General Fund £	Designated Funds £	Restricted Funds £	Total 2018 £
Fund balances at 31 December 2018 are represented by:				
Fixed assets	2	678,927	—	678,929
Current assets	939,958	80,000	39,267	1,059,225
Creditors: amounts falling due within one year	(357,782)	—	—	(357,782)
Total net assets	582,178	758,927	39,267	1,380,372

**20 Leasing commitments**

At 31 December 2019 the Federation had future minimum commitments under operating leases on land and buildings as follows:

Payments which fall due:	2019 £	2018 £
Within one year	123,387	121,000
Within two to five years	493,548	484,000
After five years	719,757	826,833
	1,336,692	1,431,833

**21 Capital commitments**

At 31 December 2019, the charity had capital commitments of £nil (2018 - £nil).

**22 Liability of members**

The Federation is constituted as a company limited by guarantee. In the event of the Federation being wound up, members are required to contribute an amount not exceeding £1.

### 23 Related party transactions

The charity received commission and Trustees hire fees totalling £11,708 (2018 - £11,296) from members of the Board of Trustees in respect of the sale of paintings through exhibitions by societies of which they are members, or commissioned paintings or gallery hire. At 31 December 2019, an amount of £nil (2018 - £nil) was due to members of the Board of Trustees in respect of these activities. Commissions and gallery hire fees received by the charity were at the standard rates payable by all artists.

No donations were received from Trustees in 2019 or 2018.

Other than the transactions above there were no other related party transactions during the year.

### Connected Charities

The Federation acts on behalf of nine Member Societies, of which eight are registered as charities. The details of these are given below.

Charity	Charity Reg No.	Charitable objectives
Royal Institute of Painters in Water Colours	291405	The promotion of Fine Arts and in particular the art of painting in water colours.
Royal Society of British Artists	294590	To promote, maintain, improve and advance public education by the encouragement of the Arts.
Royal Society of Marine Artists	289944	To promote, maintain, improve and advance the education of the public by the encouragement of the study and practice of the Fine and Applied Arts with particular but not exclusive reference to the sea and maritime subjects.
Royal Society of Portrait Painters	327460	To promote, maintain, improve and advance education in the Fine Arts and in particular to encourage the appreciation, study and practice of the art of portraiture.
Royal Institute of Oil Painters	327615	The encouragement and development of oil painting by holding open exhibitions of work.
New English Art Club	295780	To advance the education of the public in the art of painting and the Fine Arts.
Pastel Society	296479	The promotion of Fine Arts and in particular the art of the pastel and pencil.
Society of Wildlife Artists	328717	To foster and encourage all forms of visual art based on or representing wildlife.

The principal contact address for all connected charities is 17 Carlton House Terrace, London SW1Y 5BD.