

# **SAATCHI GALLERY**

## **TRUSTEES REPORT & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING DECEMBER 2019**

Charity Registration Number: 1182328 (England & Wales)

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## OBJECTIVES & ACTIVITIES

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Since 1985, Saatchi Gallery has provided an innovative platform for contemporary art, presenting work by largely unseen young artists or by international artists whose work has been rarely exhibited in the UK. The Gallery has attracted millions of visitors to its London premises, hosts thousands of school & community visitors each year and has built a social media following of millions worldwide.

In 2019, we hosted the blockbuster exhibition *Tutankhamun: Treasures of the Golden Pharaoh*, as well as our Spring group show *Kaleidoscope* and our Summer exhibition *Sweet Harmony | Rave Today*.

The Gallery's objective is to provide access to contemporary art to all and share with our local communities the opportunity to explore, learn and engage with art. In 2019, Saatchi Gallery became a registered charity in order to further expand our commitment to supporting living artists and further expand access to contemporary art. Since then, the Gallery's funding has come from our corporate patrons, sponsors & donors and our commercial activities.

The core activities of the Gallery, over its 35 year history, focus on offering unwavering support to emerging contemporary artists, with a strong commitment to supporting young British artists. Saatchi Gallery has an extremely high recognition factor amongst the British population and an extremely strong reputation overseas, as supported by our highly popular online following. For over 10 years in its current Chelsea premises, Saatchi Gallery has become a pivotal hub for local, city, national and international audiences, welcoming visitors of all ages to engage with contemporary art. We have an especially strong appeal to visitors between the ages of 16-30. By diversifying our annual programming, to include an exhibition such as *Tutankhamun*, we were able to reach a new senior and family demographic of visitors with whom we aim to engage on an on-going basis through our future exhibitions.

The Gallery is committed to developing opportunities for deeper engagement with schools, colleges and universities by providing free access to our exhibitions as well as talks, tours and creative workshops. We are proud partners of a wide variety of community groups from across London, delivering over 100 dedicated workshops a year to further expand access to contemporary art and creativity to vulnerable and hard-to-reach audiences. The Gallery's learning programmes are designed to reveal the possibilities of artistic expression, encourage fresh thought and stimulate innovation in visitors of all ages and background.

Saatchi Gallery therefore complies fully with the Charity Commission's guidance on public benefit and its legal obligations.

The Charity's strategy for achieving its stated aims and objectives is to maximise income from multiple revenue streams in order to invest in exhibition programming, educational projects and outreach initiatives.

## OBJECTIVES & ACTIVITIES

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The Charity will generate revenue from the following activities:

- The Charity will seek to maximise revenue from ticket sales to selected exhibitions, from retail activity on site & online, and from commission from the operator of the restaurant.
- Income derived from the hire of spaces for exhibitions, events and private functions within the Gallery building.
- Revenue derived from corporate & foundation patrons, exhibition sponsors and the general public membership scheme.
- Collaborations with exhibition partners and supporting donors.

The Charity measures the success of its programming and educational initiatives by recording attendance figures and using varying methods of feedback to assess the demographic profiles of its audiences. Qualitatively, the Gallery also measures the depth of engagement and satisfaction levels amongst visitors and participants of its learning programmes. Revenue, margin and profit contribution for all revenue streams are monitored closely.

During this period, the first full year of the Charity, the focus was upon reviewing the organisational structure and identifying the key drivers of future stability and success. The organisation consolidated its activities and streamlined its teams, including the Senior Management team. New reporting and management practices were put in place and new roles such as the Head of Events and Partnerships Director were created and filled. Strategies for each organisational department were reviewed and aligned to the strategic goals of the Charity.

2019 marked a pivotal year for Saatchi Gallery to establish itself as a Charity and engage with new audiences. We developed an incredibly diverse schedule of exhibitions and expanded our outreach to schools and community groups in order to make our mark as a charitable organisation.

Over the course the year, our Learning Department significantly increased the number of workshops we delivered to schools and community groups in order to better reach Home Counties schools and developed a schedule of activities to further engage on an ongoing basis with senior community groups.





*Tutankhamun: Treasures of the Golden Pharaoh, 2019*





## ACHIEVEMENTS & PERFORMANCE

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During its first year of operation Saatchi Gallery hosted one of the nation's most popular exhibitions (by visitor number) and has cemented its status as the UK's leading contemporary art gallery. Saatchi Gallery's Learning Department has also broadly expanded its outreach to further support a more diverse number of community group programs.

However, a number of key exhibitions and events stretched over the accounting period into 2020, which have been heavily impacted by the 2020 global pandemic resulting in non-payment of some sums due at 31 December 2019, impacting the 2019 results.





Laura Buckley's sculpture *Fata Morgana* in  
Saatchi Gallery's exhibition *Kaleidoscope*, 2019





## FINANCIAL REVIEW

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The end of year Balance Sheet reflects the nature of the business operations and the ongoing impact of Covid-19 on Saatchi Gallery. All cash reserves are held in Saatchi Gallery's current account, this policy is reviewed on an annual basis by the Trustees.

As a result of the extensive 2020 closures, a small number of gallery clients have refused or not been able to make payments which have resulted in the 2019 results being re-assessed and negatively impacted.

Further disruption to 2020 and 2021 revenue has been experienced and will continue to be impacted through 2021, but Saatchi Gallery responded swiftly in reducing costs, such activities included:

- Negotiations discussing a lease re-gearing
- Staff furlough
- Staff redundancies
- Suspension of non-essential maintenance
- Suspension of contracts
- General operational cost cutting measures
- Focus on sponsor and donor relationships to preserve revenue streams

We have also scheduled weekly Covid-19 meetings to monitor the impact of the global pandemic and discuss the financial implications of government regulations. Covid-19 and the economic recovery are seen as the key risk to Saatchi Gallery's financial future.

### Going Concern

The group has generated significant losses in the initial period of operation in 2019, which were partly impacted by the impact of the pandemic on the 2019 results due to the non-payment of some sums due at 31 December 2019. It has continued to do so into the following accounting period, which have been a direct result of Covid-19 and government enforced closures. Saatchi Gallery closed its doors in March 2020 and, at the time of this report, has still not been able to fully re-open at maximum capacity.

The losses generated have resulted in a net liabilities position at the balance sheet date of £1,011,297. Subsequent to the year-end the organisation has reduced costs wherever possible, made redundancies, entered into re-negotiations with key suppliers, secured additional revenue and used the Coronavirus Job Retention Scheme. It is also expecting to re-gear the lease which represents the largest single cost to the organisation.

The organisation will continue to need stakeholder support during the recovery phase as lockdown is eased and normal operations can resume.

# FINANCIAL REVIEW

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## Reserves Policy

A reserves policy has been considered and will be updated after the pandemic, once the accumulated deficits have been erased, which is the initial objective.



## PLANS FOR FUTURE PERIODS

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Following the formation of the charity, Saatchi Gallery has completely reimagined its approach to corporate patrons, donors and exhibition sponsors by taking the following steps in 2019:

- Restructuring of corporate patron donation tiers
- New exhibition sponsorship options for projects taking place from 2020 onwards
- New solutions for project/department-based donations

In 2019, the Gallery confirmed the renewals of key current corporate patrons and began a three-year strategy to reach new corporate patrons and exhibition sponsors through a newly established Fundraising Department. Since then, the Gallery was able to secure exhibition sponsorship for the 2021 programming and the fundraising pipeline has generated positive results. The Gallery established new relationships with key brands in the luxury and banking sector who have a strong interest in supporting the 2021-2023 programming.

Our key corporate patrons in 2019 included CHANEL, Fondation Carmignac, Eversheds-Sutherland, Euronews, Champagne Pommery, Dinesen, and Robert Walters.

## STRUCTURE, GOVERNANCE & MANAGEMENT

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Saatchi Gallery continues to adhere to its governing documents.

No new trustees are envisaged at the time of writing nor any changes to the Trustee Board. However, should that change the senior management team would work with the Trustees to form a Recruitment Panel that would oversee the recruitment process. A detailed induction and training program would then be implemented by the senior management team. This induction program would mirror the existing program of ensuring Trustees are fully up to date on the organisation's status, financial performance and charitable goals.

As a result of Covid-19, the Trustees have implemented a pay freeze on all salary levels, excluding any that are required to increase due to statutory regulations. This policy is not expected to change until late 2021. All pay levels are in line with market rates with any senior management pay change being subject to approval by the Trustees.

The charitable entity owns 100% of a subsidiary called Saatchi Gallery, London Limited. No other subsidiaries, partners or joint ventures exist.



## TRUSTEES' RESPONSIBILITIES STATEMENT

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The Trustees of The Saatchi Gallery, London are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Charity law requires the trustees to prepare financial statements for each year that give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 charity and the group will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group, to enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## REFERENCE & ADMINISTRATION

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Registered Address

Saatchi Gallery  
Duke of York's HQ  
King's Road  
London  
SW3 4RY  
United Kingdom

Charity registration number

1182328

Bankers

Metro Bank  
One Southampton Row  
London WC1B 5HA

Solicitors

Bryan Cave Leighton Paisner LLP  
Adelaide House  
London  
EC4R 9HA

Auditors

Moore Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

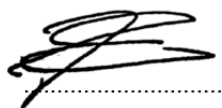
The charity trustees delegated daily management of the charity to Philippa Adams (Gallery Director) from March 2019 until November 2020 when she left her role at Saatchi Gallery and this function was assumed by Paul Foster.

Contact Details

Paul Foster: paul@saatchigallery.com

Saatchi Gallery has two Trustees, Johan Eliasch, who acts as Chairman, and Maynard McLaren, both of whom have been Trustees since the charity was formed. Neither receive any remuneration for their time.

The Trustees' Report was approved and authorised by the trustees on 15 July 2021 and signed on their behalf by:



Johan Eliasch  
Trustee





*Exhibition view of Champagne Life, 2016*



# INDEPENDENT AUDITOR'S REPORT

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## Qualified Opinion

We have audited the financial statements of The Saatchi Gallery, London (the 'charity') for the period ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets and Statement of Cash Flows, and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, 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 Charities Act 2011.

## Basis for Qualified Opinion

With respect to stock having a carrying amount of £117,050 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 December 2019, since that date was prior to our appointment as auditor of the charity. Owing to the nature of the charity's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

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

## Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which states that the group has generated significant losses of £1,011,297 in this initial period of operation. The group has also made losses during the period subsequent to the balance sheet date due to the ongoing impact of Covid-19 into 2021. Saatchi Gallery closed its doors in March 2020 and, at the time of this report, has still not been able to fully re-open at maximum capacity.

# INDEPENDENT AUDITOR'S REPORT

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The losses generated have resulted in a net liabilities position at the balance sheet date of £1,011,297. Subsequent to the year end, the group has reduced costs wherever possible and taken advantage of government assistance through the Coronavirus Job Retention Scheme, It has also been in active discussions with its landlord to reduce charges and delay payment.

The organisation will continue to need stakeholder support during the recovery phase as lockdown is eased and normal operations can resume, which the trustees are confident will continue to be available as has been the case since the year end, but is not legally guaranteed.

These factors indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or

# INDEPENDENT AUDITOR'S REPORT

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- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns.

## **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 and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

# INDEPENDENT AUDITOR'S REPORT

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- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Date: 15 July 2021

*Moore Kingston Smith LLP*

Statutory Auditor

The Shipping Building  
The Old Vinyl Factory  
Blyth Road  
Hayes  
London  
UB3 1HA

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.





*Visitors at The Shape Of Things  
To Come: New Sculpture, 2011*



# FINANCIAL STATEMENTS

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## The Saatchi Gallery, London

Consolidated Statement of Financial Activities  
For the period ended 31 December 2019

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	Note	Unrestricted Funds 2019 £
<b>Income from:</b>		
Charitable activities:		
Exhibitions		595,025
Other trading activities	3	3,737,400
<b>Total income</b>		<u>4,332,425</u>
<b>Expenditure on:</b>		
Charitable activities		3,304,925
Raising Funds:		
Other trading activities		2,038,797
<b>Total resources expended</b>	4	<u>5,343,722</u>
<b>Net movement in funds</b>		(1,011,297)
<b>Reconciliation of funds</b>		
Total funds brought forward at 5 March 2019		-
<b>Total funds carried forward at 31 December 2019</b>		<u>(1,011,297)</u>

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

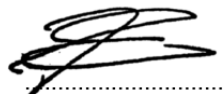
# FINANCIAL STATEMENTS

## The Saatchi Gallery, London

Consolidated and Charity Balance Sheets  
As at 31 December 2019

	Notes	Group 2019 £	Charity 2019 £
<b>Fixed assets</b>			
Investments	8	-	1
<b>Total Fixed assets</b>		-	1
<b>Current assets</b>			
Stock		117,050	-
Debtors	10	1,935,940	-
Cash at bank and in hand		660,856	-
<b>Total Current assets</b>		2,713,846	-
<b>Liabilities</b>			
Creditors: amounts falling due within one year	11	(3,725,143)	(1)
<b>Net current assets</b>		(1,011,297)	(1)
<b>Total assets less current liabilities</b>		(1,011,297)	-
Creditors: amounts falling due after more than one year		-	-
<b>Total assets less total liabilities</b>		(1,011,297)	-
<b>Funds of the charity:</b>			
Unrestricted funds:		(1,011,297)	-
<b>Total funds</b>		(1,011,297)	-

Approved and authorised by the trustees on: 15 July 2021



Johan Eliasch  
Trustee

The notes form part of these accounts.

# FINANCIAL STATEMENTS

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## The Saatchi Gallery, London

Statement of Cash Flows and Consolidated Statement of Cash Flows  
For the period ended 31 December 2019

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	Note	Group 2019 £	Charity 2019 £
<b>Cash flows from operating activities:</b>			
Cash provided by operating activities	16	(980,429)	-
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		1,641,285	
<b>Increase in cash and cash equivalents in the year</b>		<u>660,856</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year		-	-
<b>Total cash and cash equivalents at the end of the year</b>		<u>660,856</u>	<u>-</u>

# FINANCIAL STATEMENTS

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## The Saatchi Gallery, London

Notes to the Financial Statements  
For the period ended 31 December 2019

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### 1 Statement of Accounting Policies

The Saatchi Gallery, London is a charitable incorporated organisation registered with the Charity Commission in England and Wales (Charity No. 1182328).

#### 1.1 Basis of Preparation

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 UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Saatchi Gallery, London Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost of transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest pound.

The parent charity was registered on 5 March 2019, and these financial statements are prepared for the period 5 March 2019 to 31 December 2019.

#### 1.2 Going Concern

The group has generated significant losses in the initial period of operation in 2019, which were partly impacted by the impact of the pandemic on the 2019 results due to the non-payment of some sums due at 31 December 2019. It has continued to do so into the following accounting period, which have been a direct result of Covid-19 and government enforced closures. Saatchi Gallery closed its doors in March 2020 and, at the time of this report, has still not been able to fully re-open at maximum capacity.

The losses generated have resulted in a net liabilities position at the balance sheet date of £1,011,297. Subsequent to the year end, the group has reduced costs wherever possible and taken advantage of government assistance through the Coronavirus Job Retention Scheme. It has also been in active discussions with its landlord to reduce charges and delay payment.

The organisation will continue to need stakeholder support during the recovery phase as lockdown is eased and normal operations can resume, which results in a material uncertainty. The trustees note the material uncertainty, but have a reasonable expectation that the group will continue in operational existence for the foreseeable future, and specifically for a period of at least 12 months from the balance sheet date. As a result, the financial statements have been prepared on a going concern basis.

#### 1.3 Group financial statements

The trustees have prepared group accounts in accordance with section 138 of the Charities Act 2011. The financial statements consolidate the results of the charity and its whole owned subsidiary The Saatchi Gallery, London on a line-by-line basis.

#### 1.4 Income

All income in the Statement of Financial Activities is shown gross of the associated costs and is accounted for where there is entitlement to the income, it is probable that the benefits associated with it will flow to the charity and it can be reliably measured.

#### 1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs according to a category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

##### Expenditure on raising funds

Direct and support costs associated with generating funds for the charity.

##### Expenditure on charitable activities

These costs include expenditure associated with the delivery of the objects of the charity and include both the direct costs and support costs relating to these activities.

##### Governance costs

Those costs incurred in connection with the management of the group's assets, organisational administration and compliance with constitutional and statutory requirements.

# FINANCIAL STATEMENTS

## The Saatchi Gallery, London

Notes to the Financial Statements (continued)  
For the period ended 31 December 2019

### 1 Statement of Accounting Policies (continued)

#### 1.6 Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

#### 1.8 Financial instruments

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently carried at amortised cost using the effective interest method.

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.11 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Statement of Financial Activities for the period.

### 2 Critical accounting estimates and areas of judgement

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the view of the trustees in applying the accounting policies adopted, no critical judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any critical estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

### 3 Income from other trading activities

Exhibitions and sponsorship  
Commercial trading  
Other

Unrestricted  
funds  
2019  
£  
2,209,762  
1,283,303  
244,335  
3,737,400

# FINANCIAL STATEMENTS

## The Saatchi Gallery, London

Notes to the Financial Statements (continued)

For the period ended 31 December 2019

### 4 Resources Expended

	Direct costs £	Support costs £	Total 2019 £
Expenditure on raising funds	478,615	1,560,182	2,038,797
Expenditure on charitable activities	-	3,304,925	3,304,925
	<u>478,615</u>	<u>4,865,107</u>	<u>5,343,722</u>

Incoming resources for the year is stated after charging:

	2019 £
Auditor's remuneration:	
Audit fees	12,000

### 5 Support costs

	Basis of allocation	Raising funds	Charitable activities	Total 2019 £
Staff costs	Staff time	597,251	381,849	979,100
Rent	Use of premises	403,745	1,614,982	2,018,727
Other premises costs	Use of premises	282,856	1,131,424	1,414,280
Promotions and exhibitions	Staff time	86,860	55,534	142,394
Other office costs	Staff time	91,169	58,289	149,458
Finance costs	Staff time	46,011	29,417	75,428
Legal and professional fees	Staff time	44,969	28,751	73,720
Governance	Staff time	7,320	4,680	12,000
		<u>1,560,182</u>	<u>3,304,925</u>	<u>4,865,107</u>

### 6 Trustees and key management personnel

No trustee received any remuneration nor were they reimbursed any expenses in the period.

The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services was £191,115.

# FINANCIAL STATEMENTS

## The Saatchi Gallery, London

Notes to the Financial Statements (continued)  
For the period ended 31 December 2019

### 7 Employees

	2019 No.
The average monthly number of employees during the year was:	<u>31</u>

	2019 £
Staff costs during the period were:	
Wages and salaries	820,260
Social security costs	78,375
Pension contributions	22,142
Temporary staff	55,549
Other staff costs	<u>2,774</u>
	<u>979,100</u>

The number of employees whose annual employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019 No.
£70,001 - £80,000	1
£90,001 - £100,000	2

### 8 Investments

	Charity 2019 £
Shares in group undertakings	
Cost or valuation	
At 5 March 2019	-
Additions	1
At 5 March 2019 and at 31 December 2019	<u>1</u>
Carrying amount	
At 31 December 2019	<u>1</u>

The charity holds 100% of the share capital of Saatchi Gallery, London Limited, a company registered in England and Wales (registration number 11712394)

A summary of the results of the subsidiary is shown below:

	Period to 31-Dec-19 £
Sales	4,332,425
Cost of sales	(478,615)
Gross profit	<u>3,853,810</u>
Administrative expenses	(4,793,985)
Trading loss	<u>(940,175)</u>
Interest payable	(71,122)
Corporation tax	-
Retained profit/(loss) after tax	<u>(1,011,297)</u>

# FINANCIAL STATEMENTS

## The Saatchi Gallery, London

Notes to the Financial Statements (continued)  
For the period ended 31 December 2019

### 9 Financial instruments

	Group 2019 £	Charity 2019 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,935,728	-
Equity instruments measured at cost less impairment	-	1
	1,935,728	<u>1</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>2,039,446</u>	<u>1</u>

### 10 Debtors

	Group 2019 £	Charity 2019 £
Trade debtors	142,178	-
Prepayments and accrued income	793,762	-
Other debtors	1,000,000	-
	<u>1,935,940</u>	<u>-</u>

### 11 Creditors: Amounts falling due within one year

	Group 2019 £	Charity 2019 £
Trade creditors	1,025,568	-
Taxation and social security	44,412	-
Other creditors	308,851	1
Accruals and deferred income	705,027	-
Other borrowings	1,641,285	-
	<u>3,725,143</u>	<u>1</u>

Other borrowings represent an unsecured loan.

Deferred income brought forward	-	-
Resources deferred in the year	613,333	-
Deferred income carried forward	<u>613,333</u>	<u>-</u>

Deferred income represents amounts received in advance for services performed after the balance sheet date.



# FINANCIAL STATEMENTS

## The Saatchi Gallery, London

Notes to the Financial Statements (continued)

For the period ended 31 December 2019

### 12 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Group 2019	Charity 2019
	£	£
Land and buildings	6,039,735	-

### 13 Events after the reporting date

The emergence and spread of the Covid-19 global pandemic after the year end is a significant post year end event, which has impacted the group significantly due to the associated lockdown measures which has resulted in the closure of a majority of the group's operations for large periods since March 2020. It is not possible to quantify the financial impact of this event at the date of approval of these financial statements.

### 14 Members' Liability

If the charity is wound up, the members of the charity have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

### 15 Related Party Transactions

During the period there were no related party transactions.

### 16 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	Group 2019 £	Charity 2019 £
Net movement in funds	(1,011,297)	(1)
(Increase)/Decrease in stocks	(117,050)	-
(Increase)/Decrease in debtors	(1,935,940)	-
Increase/(Decrease) in creditors	2,083,858	1
Net cash provided by operating activities	<u>(980,429)</u>	<u>-</u>





Young British Artists / exhibition  
at Saatchi Gallery, Boundary Road, 1992



**SAATCHI GALLERY**