

Charity Registration No. 1102435

Company Registration No. 5045130 (England and Wales)

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

PALLANT HOUSE GALLERY

CONSOLIDATED FINANCIAL STATEMENTS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	J D S Booth DL, Chairman	
	E J Davis	(Appointed 31 December 2017)
	Cllr P Dignum	
	B Finucane QC	(Resigned 22 June 2018)
	Lady Nicholas Gordon Lennox LVO	(Resigned 16 March 2018)
	S Greenhalgh	(Resigned 22 June 2018)
	S B Hammett	(Appointed 16 March 2018, resigned 3 August 2018)
	T E James	(Resigned 31 December 2017)
	C Martin	
	R Mavity	
	A Rose OBE CMG	
	J D Russell	
	T Slowe	
	The Rt Hon. The Lord Tyrie of Chichester	(Appointed 22 June 2018)
	J Weeks	
Gallery director	Simon Martin	
Secretary	T E James (to 31 December 2017)	
	E J Davis (from 31 December 2017)	
Charity number	1102435	
Company number	5045130	
Principal address	Pallant House	
	8 - 9 North Pallant	
	Chichester	
	West Sussex	
	PO19 1TJ	
Registered office	Pallant House	
	8 - 9 North Pallant	
	Chichester	
	West Sussex	
	PO19 1TJ	
Auditor	Jones Avens Limited	
	Piper House	
	4 Dukes Court	
	Bognor Road	
	Chichester	
	West Sussex	
	PO19 8FX	

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Bankers

Barclays Bank plc
74/75 East Street
Chichester
West Sussex
PO19 1HT

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**PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2018**

The trustees present their report and financial statements for the year ended 31 March 2018.

The accounts have been prepared in accordance with the accounting policies set out in note note01 to the accounts and comply with the Gallery's Memorandum and Articles of Association, the Companies Act 2006 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 UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Chair's statement

It's a pleasure to introduce our Trustees' Report and Financial Statements reviewing a year of notable achievements and new projects that equip Pallant House Gallery to face the future with confidence.

First and foremost, we continued to champion Modern British art, presenting three ground-breaking and varied programmes during the year which attracted large numbers of visitors and were received with significant critical acclaim, national and international.

We continued, assisted by the generosity of friends far and wide, to expand our collection, improving its breadth and quality. We also continued to lend works and to encourage wider awareness of the extraordinary inheritance entrusted to us.

As for many years now, we played an important role in the social and cultural life of our city and country in delivering numerous learning and community programmes to a wide and varied audience, improving the quality of life in Chichester and far beyond.

During the year, staff and trustees conducted a brand review with Jane Wentworth Associates, the outcome of which was a renewed vision for Pallant House Gallery which will inspire our mission and values for the future and are the background to our detailed Forward Plan 2018-22 which can be read on our website.

In Spring 2017 we acquired Pallant House's original 18' century Coach House to the rear of the Gallery with the support of a number of private donors. Over the course of the year, we have worked with the architects of the new wing, Long & Kentish, on a series of options studies. The intention is to create a collections centre, additional gallery space, an expanded library, meeting rooms and accessible office accommodation, and to launch a major capital project in the coming year. An application to the Heritage Lottery Fund was submitted in March 2018 for support with this project.

We were delighted that Outside In, a programme established by the Gallery eleven years ago as a platform for artists who see themselves as facing barriers to the art world due to health, disability and social circumstance, was granted independent status by the Charity Commission during the year and was recognised as a new National Portfolio Organisation (NPO) by Arts Council England. The Gallery will continue to provide offices and related services for the foreseeable future, and has hosted an exhibition of Outside In award winner James Gladwell. We wish them well in their new life and look forward to our continuing collaborations.

The Gallery has successfully renewed its status as an Arts Council NPO with funding agreed for the period 2018-22, and Chichester District Council confirmed during the year funding to the Gallery of £130,000 per annum for the same period. We remain ever grateful to them for their confidence and support, as we do to our headline sponsor De'Longhi, whose generosity has been renewed again for 2017-8.

Pallant House Gallery is blessed with wonderful staff, led by Director Simon Martin. Their enthusiasm and devotion are noteworthy. Almost 250 volunteers assist us with custodial and guiding duties, by their participation in our learning and community activities and in their advocacy of the Gallery. Our gratitude to them is immense.

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I would like to welcome the 26 new Patrons who signed up during the year. We now have 116 Patrons and almost 4,000 Friends who help to sustain all we do, in particular our ambitious programme of exhibitions, which would be impossible without them. Their endorsement and financial backing sustain the Gallery and underpin its achievements and reputation. On behalf of the Trustees, I offer them thanks for another year of generous support.

The Trustees have been engaged in merging the Friends of Pallant House Gallery charity with the Gallery, which became its sole corporate trustee on 1 April 2018. In addition, new Articles of Association were approved by the Gallery and the Members of Chichester District Council during the year.

I would like to end with thanks to our Trustees who have worked hard to ensure the highest standards of governance now lie at the heart of the Gallery's activities. Particular thanks are due to Lady Nicholas Gordon Lennox who retired as a Gallery Trustee and as Chairman of the Friends of Pallant House Gallery during the year: she filled both offices with great distinction. I am happy to say that she has accepted the Trustees' invitation to succeed the late Duke of Richmond as our President and we are delighted that her long association with the Gallery will continue in this way.



J D S Booth DL, Chairman

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Objectives and activities

The Charity's objectives are, for the public benefit, to advance the education of the public in and to promote the visual arts and history of art principally in the Chichester administrative district and in particular, to maintain, preserve, restore and furnish Pallant House in the City of Chichester as a period house within which to exhibit works of art of historic or public interest for viewing by the public.

Pallant House Gallery first opened in 1982 after the significant modern art collection of Walter Hussey, Dean of Chichester Cathedral (1955-1977) and patron of the arts, was gifted to Chichester District Council on condition of it being housed in Pallant House, a Grade 1-listed Queen Anne townhouse in the heart of Chichester.

Since then the Gallery has attracted further donations of modern and contemporary art including that of property developer Charles Kearley, the Golder-Thompson Gift, the George and Ann Dannatt Gift, and The Wilson Gift from Professor Sir Colin St John Wilson and his wife MJ Long, as well as many smaller gifts and bequests.

In 2006 the Gallery's contemporary wing opened following a £8.6million building and refurbishment project which quadrupled the gallery spaces. Designed by Colin St John Wilson, architect of the British Library, in association with Long & Kentish, it was partially funded by the Heritage Lottery Fund.

Today the Gallery houses a variety of gallery spaces for its critically-acclaimed temporary exhibitions and collection displays, a lecture room combined with accessible open storage serving as a venue for talks, art courses and events, a studio that is home to the pioneering learning and community programme, a comprehensive art reference library and prints and drawings room, and an acclaimed bookshop and restaurant.

The Gallery Director, in consultation with Board and Committee members and staff, worked closely in line with the Strategic and Business Plans agreed for the 2015-18 period, based upon:-

Our Mission:

To share and stimulate new thinking on British art, and to play a pivotal role in the creative lives of the widest possible audience

Our Vision:

To be recognised as an international centre for British art from 1900 to now.

We will achieve this by adhering to the following six principles:

1. Making Modern British art relevant today by exploring contemporary, historic and international connections, redressing imbalances in its history and filling gaps in our collection
2. Becoming a recognised authority on Modern British art and an example of best practice in all aspects of our work
3. Putting our audiences at the centre of what we do, striving to understand their needs and motivations, enabling two-way conversations and involving them in our work
4. Thinking of the Gallery as more than a physical destination, expanding our audience reach through digital, outreach and regional, national and international partnerships
5. Creating and upholding a distinctive brand for the Gallery that informs all activity
6. Investing in our people, culture, assets and systems and working to become financially sustainable and appropriately resourced

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Public benefit Derived from our Activities

The trustees of the Gallery have paid regard to the Charity Commission's published guidance on public benefit. They believe that those who have access to the visual arts derive very real benefit from the experience through the expansion of their horizons through appreciation, learning and participation. The Gallery provides the opportunity for people to gain a better understanding of the cultural and artistic makeup of our society and their personal response to the cultural and artistic context of their lives.

The Gallery seeks to be open and available to all and encourages participation by all. Core costs have to be met and therefore with reluctance the Gallery levies an admission charge. The admission charge is reduced on one day each week and in addition, there are occasional free days. The Gallery's collection is open without charge on Thursday evenings. All children up to age 16, students, Jobseekers, DLA, ESA, PIP, and Carers with registered disabled person are permitted free entry with valid ID. To ensure none is excluded the ground floor and courtyard garden are free of charge at all times.

The following sections describe in more detail what we have done during the year under the following headings to further the Gallery's objectives for the benefit of the public.

1. Exhibitions
2. Acquisitions, Maintenance and Application of our Collection
3. Library and Archive
4. Learning and Community Programmes
5. General Admission and Audience Engagement
6. Buildings and Facilities

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Achievements and performance

1. Exhibitions

The Gallery's programme in 2017-18 included a series of major exhibitions in the contemporary wing including *Victor Pasmore: Towards a New Reality* (touring from the Djanogly Art Gallery, University of Nottingham); *John Minton: A Centenary*, the first major display of the artist's work in over 20 years; *BOMBERG* a significant review of the life and career of David Bomberg in partnership with the Ben Uri Gallery, London and The Laing Art Gallery, Newcastle, and *POP! Art in a Changing Britain*, which presented the Gallery's substantial collection of British Pop Art in its entirety for the first time.

In addition, there were a number of smaller exhibitions including *Transferences: Sidney Nolan in Britain* marking the artist's centenary and the first museum exhibition of his work in Britain for over twenty-five years; *British Constructivism: The Catherine Petitgas Collection* and *A Different Light: British Neo-Romanticism*, which considered the lyrical, mystical and poetic work of a significant group of young artists during and just after the Second World War; *Paula Rego: The Sketchbooks* showcasing previously unseen drawings from the artist's collection; *Leonard Rosoman: Painting Theatre*, the first museum show of the artist's work for over 30 years and part of the Royal Academy's 250th birthday celebrations; a display entitled *Spirit in the Mass: Bomberg's Legacy* featuring work by the artists he taught at the Borough Polytechnic including Frank Auerbach, Leon Kossoff, Dorothy Mead and in-focus one-room exhibitions dedicated to the work of Lucian Freud, William Coldstream, Walter Sickert and Nigel Henderson, the latter marking the artist's centenary.

A further display celebrated an intended gift of significant works by the Young British Artists - Peter Blake, Michael Craig-Martin, Tracey Emin, Damien Hirst, Gavin Turk and Rachel Whiteread. Tracey Emin's sculpture, *Roman Standard*, a tribute to Liverpool's famous Liver Bird and her first public art project, was installed in the Gallery's courtyard garden.

During the year, there have been collaborative exhibitions with Outside In including *James Gladwell: The Dreams* showing the intricate designs and imaginative textile work which won him the coveted Outside In Award.

There have been a series of exhibitions in the De'Longhi Print Room, including *The Woodcut from Dürer to Now*; *Women Artists: The Female Gaze*, which looked at female artists depictions of the female subject; *An Architect's Eye: The Peter Collymore Gift*, which showcased a collection donated to the Gallery including works by Eileen Agar, Antony Caro, Prunella Clough, Paul Huxley, Paul Nash, John Piper and Pablo Picasso, followed by *Sheila Bownas: A Life in Pattern*, a display dedicated to the original pattern designs of this relatively unknown mid-century British textile designer.

The Pablo Bronstein *Wall Pomp* installation in the 18th century house and the Lothar Götz mural *Composition for a Staircase* in the contemporary wing and *Laura Ford: Beauty in the Beast* in the courtyard were in situ throughout the year providing site-specific art within the programme.

There have been a series of exhibition displays in the Studio and on the Garden Gallery wall including *Picture This*; *Joy Gregory: The Amberley Queens*; *Creative Practice: A Shared Experience*; *We've Been There* and the Community Programme Fundraising Exhibition.

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2. Acquisitions, Maintenance and Application of our Collection

Acquisitions of Artwork

Acquisitions during the period include the following:-

a) China Dogs in a St Ives Window (1926) by Christopher Wood

The much loved painting '*China Dogs in a St Ives Window*' (1926) by Christopher Wood was permanently acquired after a public campaign raised £212,333. The painting had been on long-term loan to the Gallery from a private collection since 2009 and is one of the most recognisable and important works in the Gallery's collection of Modern British art. It was granted Pre-Eminent Status and granted exemption from capital gains tax. This acquisition was achieved after receiving substantial amounts from The Art Fund, the Arts Council England/Victoria and Albert Museum Purchase Grant Fund, around 100 individual generous donors and the Friends of Pallant House Gallery Acquisitions Fund. In addition, thanks to the generous support of a private donor, the necessary conservation work on the work was undertaken.

b) The Golder – Thompson Gift

20 Contemporary prints were acquired through the Golder - Thompson Gift, including *Maldonada* (2017) by Gillian Ayres, *Move* by Tracey Emin, and *The Galerie Simpson Selection Box*, an 'instant art collection' of eighteen works by artists including Fiona Banner, Sir Peter Blake, Des Hughes, Gary Hume, Rachel Whiteread and Clare Woods. Focused on handmade detail, mediums range from watercolour, linocuts and woodblock to gold plated sculpture, photo-collage and digital prints.

c) Bequest of Sir Peter Shaffer, CBE

A significant group of six works by Keith Vaughan have been left to Pallant House Gallery as part of the Bequest of playwright and screenwriter Sir Peter Shaffer CBE. To celebrate this gift they will be exhibited as part of a focused display during 2018-19. With the addition of these works the Gallery now has in its permanent collection a significant holding of works spanning the career of Vaughan and presenting an exceptional opportunity to examine the visual narrative and humanistic themes inherent to his work in a coherent way.

d) Christopher Le Brun PRA

Christopher Le Brun PRA presented three lithographs to Pallant House Gallery to complete the series of *Concours de l'Arbre*, (2012) together with *Virtue*, received in 2015 as part of the Golder – Thompson Gift. This series is inspired by the early 19th century French award of the Prix de Rome presented by the École des Beaux-Arts in an annual competition. The second stage, named *Concours de l'Arbre*, lasted six days, during which the contestants painted, in isolation and from memory, a picture that featured a tree as its dominant motif and a narrative subject.

e) Pop Art Acquisitions

As a result of the interest generated through the research and preparation for the exhibition 'Pop! Art in a Changing Britain' (24 February – 7 March 2018), a lithograph entitled *Life Class c* (1968) was donated by the artist Allen Jones, the fibreglass sculpture *Hollywood* (1968) was received from Antony Donaldson through the Mayor Gallery, and a photo-lithograph collage *Untitled* (1973) by Derek Boshier was donated by Muriel Wilson, the first wife of the Gallery's architect Colin St John Wilson. In preparation for the exhibition, two prints were purchased through the Acquisitions Fund:

an offset lithograph by Derek Boshier entitled *Sex War Sex Cars Sex (Cleanliness is Next to Godliness)* (1968) and a screenprint entitled *TRANSpectralMission* (1968) by Peter Phillips. These were seen as significant omissions to the Gallery's holding of British Pop Art and were included in the exhibition.

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Gifts of Artwork

Two charcoal drawings by Dennis Creffield have been donated by an anonymous donor: *Lincoln Cathedral from the Dean's Garden* (1987) and *Wells Cathedral, West Front* (1989)

Two works have been formally accepted in addition to the Gift from Peter Collymore received in 2015-16: *Etching B* (1979/80) by Stephen Buckley and an oil painting entitled *Frosted Window* (1970) by Mary Potter.

Two drawings have been given by Dr. Matthew Eve, who, jointly with Dr Eleanor Breuning presented 'The Breuning - Eve Gift of Enid Marx Prints' in 2007: *Untitled (Three Figures in a Landscape)* (c.1923-24) and *Untitled (Figures with Trees)* (c.1923-24).

A stoneware tea bowl by Ewen Henderson was donated by Mr Bob Lockyer.

Long-term Loans of Artwork to the Gallery

An important early painting by Paul Klee (1879-1940) entitled *Inschriftartig (Inscription-like)* (1920) was taken on long-term loan from a private collection. *Inschriftartig* was executed in 1920, the year when Klee was invited to teach at the Staatliches Bauhaus in Weimar by Walter Gropius. This was also the year that he held his first substantial survey exhibition at the Galerie Neue Kunst Hans Goltz in Munich (May – June 1920). It is an example of Klee's tendency to cut up his work in order to lend them a different character, either turned, re-assembled and re-mounted again on a single surface or mounted separately and viewed as independent pieces. Long term loan of this significant work provides the Gallery with the opportunity to display an example of Paul Klee's highly individual style alongside other major European artworks in the permanent collection to show their context and influence on British Modernism.

Loans of our Collections to Other Venues

In the period 1 April 2017 – 31 March 2018 Pallant House Gallery loaned 61 works from its collection to 22 external venues this included UK institutions Tate Britain, Tate Liverpool, National Gallery, Fitzwilliam Museum Cambridge, Laing Art Gallery Newcastle upon Tyne and Abbott Hall Kendal as well as international venues Berlinische Galerie and Denver Art Museum. Local institutions such as the Otter Gallery, University of Chichester and Brighton Museum and Art Gallery have also been supported through the loan of works. The extent of the external loans demonstrates the breadth and scope of the collection. As well as promoting Pallant House Gallery developing reciprocal relationships and bringing the collection to new and diverse audiences, they also often provide a new 'way of seeing' and greater understanding of a familiar work when viewed in a different context and unfamiliar surroundings. Supporting external loan requests for works from the collection can also present opportunity for conservation projects such as the cleaning of the Degas (as below) to happen. The Library collection also benefits from receiving any catalogues produced, helping to keep the collection relevant and add to the documentation surrounding artworks.

Visitor numbers received for exhibitions to which works have been lent:

a) Queer British Art 1861 – 1967, Tate Britain (5 April – 1 October 2017)

0061 Duncan Grant *Bathers by the Pond*

0705 Glyn Philpot *Portrait of Henry Thomas*

110,234 visitors

b) Eric Ravilious & Co: The Pattern of Friendship, English Artist Designers 1922-42,

Towner Art Gallery (26 May – 17 September) and touring Millennium Galleries, Sheffield (end Sept 2017 – end Jan 2018) and Compton Verney, Warwickshire (17 March – 9 June 2018):

Loan: 6 x works by Enid Marx (The Breuning – Eve Gift of Enid Marx Prints 2007)

CHCPH 2875 Paul Nash *Frozen Lake* (On Loan from Jeremy Greenwood and Alan Swerdlow 2015)

Overall three venues a total of 97,000 visitors

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c) Painting Pop: Abbot Hall Art Gallery, Kendal (14 July – Mid October 2017)

Loan: 1051 Peter Blake, Irish Lord X, 1963, Oil on canvas, Wilson Gift (2006)

5,285 visitors

d) 'Degas: A Passion for Perfection' Fitzwilliam Cambridge (3 October 2017 to 14 January 2018)

The Fitzwilliam venue was the subject of the international film series 'Exhibition on Screen'.

Loan: Edgar Degas Femme se peignant

Walter Sickert Jack Ashore

97,299 visitors

e) Touring to Denver Art Museum 18 February – 20 May 2018

126,000 visitors

f) Pioneers of Pop, Hatton Gallery, Newcastle University, Newcastle-upon-Tyne (6 October 2017 – 20 January 2018)

1059 Richard Hamilton Study for 'Hers is a Lush Situation'

1016 Mark Lancaster Post-Warhol Souvenir: Marilyn

1294 Mark Lancaster Cambridge Red and Green

25,568 visitors

g) John Piper, Tate Liverpool (17 November 2017 – 11 March 2018)

1211 John Piper Three Bathers Beside the Sea

19,787 visitors

h) Eduardo Paolozzi, Berlinische Galerie, Berlin (9 February – 28 May 2018)

15 works by Eduardo Paolozzi (Wilson Gift & Loan)

46,778 visitor

i) Tacita Dean: Still Life, The National Gallery, London (15 March – 28 May 2018)

1029 John Craxton Hare on a Table

115,748 visitors

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Conservation of our Artwork

The following works were subject to conservation work recently.

a) Edgar Degas' *Femme se peignant* c.1887-1890,

In order to ensure that the work was in the best possible condition to travel and be shown in the Degas exhibition at the Fitzwilliam Museum and Denver Art Museum it has undergone extensive conservation. This has largely involved dry cleaning by conservator Sarah Deere to improve the appearance and remove the considerable amount of surface dirt that could eventually be detrimental to the paper. The medium is charcoal and red and brown chalk on tracing paper laid down on board and test patches were first made to ascertain the stability of the medium which can be particularly vulnerable to optical changes or transfer of the colour. Once this had taken place it was possible to establish how best to proceed with cleaning. This is a painstaking and subtle process involving careful examination of any marks that could have been made during construction and indications of handling by the artist such as fingerprints or smudged and displaced media that may be regarded as an integral part of the artefact. The signature which appears to have been made slightly later proved to be less stable than the work itself and proved particularly time consuming.

The end result is astonishing with new subtleties of colour revealed particularly in the hair. The unusual vantage point and fluidity of line has been enhanced through the cleaning process. The work was re-fitted into its original frame which itself was restored to ensure that it adequately supports and compliments the work. Provision of museum grade, anti-reflective, UV glazing and new backing will add further protection and ensure the work remains in the best condition for future generations to enjoy.

b) The Peter Collymore Gift (2016)

Prior to their display in the De'Longhi Print Room as part of the Autumn / Winter 2017 exhibition programme, the 21 works on paper that collectively form the Gift were fumigated to treat signs of a possible insect infestation; conserved by paper conservator Sarah Deere and hinged into museum quality mounts.

c) David Bomberg

The South East Corner, Jerusalem (1926) was re-glazed with non-reflective, anti UV glass and re-backed to protect and preserve the vulnerable paint surface.

d) Pop Art Works on Paper

Forty-six works on paper were conserved and mounted for the exhibition *Pop! Art in a Changing Britain*. In the main this took the form of removal of old tapes and adhesive, dry cleaning and securing into acid free museum quality mount boards. The selection included works that had never previously been shown including four screenprints by Joe Tilson: *Ho Chi Minh*, *Letter from Che*, *Bela Lugosi Journal* and *New Coloured Fire from the Vast Strange Country*

Pop! also gave an opportunity to investigate the long term preservation of Jann Haworth's piece, *Sorceress* 1970-1 (Wilson Gift through The Art Fund 2006). This is a mixed media sculpture of life sized *Sorceress* with terracotta mask face and hands, her cloak a patchwork of fabric pieces. Already in quite a poor condition when it arrived at the Gallery, the work has never been shown and due to its size and the costs involved, untreated. Research for *Pop!* and a wish to address the lack of female artists represented in the collection has raised its profile again. The work has been fumigated, examined, cleaned and re-packed by Zenzie Tinker's textile conservation team and there has been discussion with the artist over its long-term conservation. This would not be a cheap option, but may lend itself to a funding or teaching opportunity. It is a unique work and having input from the still living artist would make this a significant project to pursue.

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e) Christopher Wood

China Dogs in a St Ives Window 1926

Oil and gouache on wood

Acquired by Pallant House Gallery in 2017 thanks to support from the Art Fund, the Arts Council England/Victoria & Albert Purchase Grant Fund, the Friends of Pallant House Gallery Acquisition Fund and generous donors.

The conservation of the Christopher Wood painting *China Dogs in a St Ives Window* has now been completed to remove significant mould residue and stabilise the paint surface. This was hampered by the deterioration of the plywood support, which has resulted in multiple vertical cracks, some of which are open and lifting. The mould, apparent as black spots over the paint surface had to be carefully reduced or removed using solvents or a scalpel, but this was painstakingly slow to ensure no further damage was sustained by the already fragile plywood support. The jagged edges top and bottom of the support itself, where the wood had been sawn were consolidated, as was a lifting piece on the paint surface in the sky. Lastly the frame was cleaned and a new backboard fitted to ensure the long-term protection of the work whilst on display and in storage. The Gallery is indebted to the work of conservator Janet Brough and framer Sharon Hambly, as well as support from a private donor who have made this work possible and ensured that such a significant artwork can be exhibited and enjoyed by future generations.

f) Adopt an Artwork

After re-launching the 'Adopt an Artwork' scheme for conservation in 2017, seven works on paper have been adopted for conservation treatment to clean, press or repair works and ensure their long term preservation through the provision of mounting in conservation grade museum board and appropriate storage. This includes four works by Christopher Le Brun, and prints by Barbara Rae, Pablo Picasso and Julian Trevelyan.

Arts Council England Accreditation - The Accreditation Renewal Application was submitted to Arts Council, England 28 April 2017.

Preservation Policy – A new policy was approved at the September 2017 Board meeting with reference to the Collections Trust Benchmarks in Collections Care, the British Standards and the policies of other institutions.

Internships – The Gallery welcomed MA student Hannah White on a 10 week placement from University of Sussex Feb-May 2018. This is intended to become an annual arrangement and will enable us to focus on specific projects to provide an enjoyable learning experience for the students, developing strong links with a local university. Although also gaining experience with the Marketing and Curatorial teams, Hannah was primarily based in the Library and working on a project to document and condition check the furniture collection. The outcome has resulted in improved records including a full set of photographs, condition notes and a system of marking and identification in place that will enable curatorial staff to prioritize items and develop a long-term strategy for their care and preservation.

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3. Library and Archive

During this period the Library accommodated a total number of 1,916 visitors, including 100 during the Open Weekend on 20-21st May when the Library staff gave talks both mornings which had a capacity audience at each. The Print Room talks held on each afternoon focusing on the exhibition of woodcuts and the setting up of such displays had a total audience of 25. The library staff facilitated talks and viewings for student groups from University of Portsmouth, Brighton University and West Dean, and have been in discussion with University Sussex with the aim of providing a talk for their Research Skills module for new intake degree students from next year.

The third annual Book Sale to raise funds for Library Acquisitions was held on Friday 8th December 2017 and raised £695.

4. Learning and Community Programmes

During 2017-18 there has been a significant change in the Learning & Community staff team which prompted a review of the programmes that the Gallery offers.

The Gallery's renowned Community Programme goes from strength to strength with 192 active members of the programme who take part in a variety of gallery-based creative workshops and discussions, as well as the popular Partners in Art scheme. A decrease in staff time and resourcing in the latter half of the year after individuals left the team, has translated into lower participatory numbers than would otherwise be expected in the rest of the Programme. Numbers of participants have remained largely the same as 2016-17, but there are ambitions to increase these significantly. It is likely that over 2018-19 the content of the different programming strands will change, with the focused aim of increasing engagement.

There are 192 active members of the Community Programme of whom around 110 members live in the Chichester District.

- 42 Members are part of the Partners in Art scheme.
- 78 members are not part of the Partners in Art scheme but participate in studio-based activities on a regular basis
- 69 members who are volunteers

These figures do not include a waiting list of people who are waiting to be offered a space on the programme or waiting to be trained as volunteers.

As these figures show, the Partners in Art scheme continues to be popular and the Gallery runs 6 weekly studio and 2 monthly studio sessions in addition to this scheme. Some sessions are lively and sociable others calm and focused. Additional projects and partnerships with other organisations are provided throughout the year to offer opportunities for people to develop their creative interests and practice further, including trips to places such as Arundel Wetlands Centre and the Royal Academy in London.

There is also a sub-group called the Pallant Creative Collective formed of members of the Community Programme who come together to submit joint exhibition proposals and develop their exhibiting skills together.

Attendance to community programme activities (studio based) amounted to 4,986 people during the year.

Dementia Programme

The Gallery's work with people living with dementia has been reviewed and a database of over 55 people living with dementia/family carers has been built up. All of these individuals have participated in the Gallery's dementia friendly offers at least once, and many are regulars, with a total of 529 participations. 'Art Views' sessions and 'Meet and Make' workshops have been fully booked for over a year. Seven individuals who are living with dementia are now participating in the wider Community Programme. This includes becoming a Partner in Art, attending a studio session, attending events like 'Share Art' and going on trips.

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Community Programme Exhibitions

The Gallery has staged a number of Community Programme exhibitions in the studio this year, including the annual fundraising exhibition which raised approximately £2,500 for the programme by selling members' artwork. This figure is then match funded. Participants say they are delighted to have the opportunity make a contribution to the Community Programme that they value so highly.

To celebrate 15 years of the Partners in Art scheme, there was an exhibition in the studio showing the creative practice of one partnership in the autumn, and the Garden Gallery displayed a selection of artwork from five other partnerships to illustrate the diversity of creative practice and the meaning of partnership.

Chichester Cathedral Partnership

The Community Programme once again worked in partnership with Chichester Cathedral to run a series of workshops to engage members in themes surrounding the Cathedral. This also includes training the Cathedral's volunteers on how to work with and support adults with disabilities, dementia or mental health issues.

Chichester University Partnership

During 2017-18 the Gallery began a project with the University's Otter Gallery. Members of the Community Programme viewed the Otter Gallery's collection and were then invited to create artwork in response to both their work and Pallant House Gallery's collection. The project also offered an opportunity for the university students to get involved, in coordinating the project and supporting artists in the Community Programme. The exhibition will take place in April to June 2018, a premium time as the Otter Gallery is open for the Fine Art degree show during May 2018.

In addition to this, 5 Chichester University students became volunteers on the Gallery's Partners in Art scheme, and the members took a collective trip to see the Degree Show at the University.

Outside In

Outside In (OI) officially became a separate charity in April 2017, but continues to lease office space and services from the Gallery. During 2017-18, Outside In and the Gallery have worked on a Co-Commission inspired by the work of Scottie Wilson in the Gallery's commission, which will go on display at the Gallery in 2018-19.

Advocacy

As every year, the Gallery produces a comprehensive Annual Report for the Community Programme where every member is interviewed; this year feedback was as positive and encouraging as always. The programme was referenced in The National Alliance for Museums' Health and Wellbeing's report on *Museums as Spaces for Wellbeing* and members of the team have been invited to speak at numerous local and national conferences and seminars about the work that they do. This enhances the Gallery's reputation as one of the most successful and impactful Community engagement programmes in the sector.

Schools Programmes

- Number of schools visits = 48 (11 of which were from the Chichester District)
- Total number of pupils visiting = 1146 (181 of which were from the Chichester District)

Following a comprehensive review of the School's Programme in consultation with the Teacher's Advisory Group, a new programme was launched at the Gallery on 27th March 2017. The new programme has four new themes that relate to cross-curricular activities that can be explored both in the Gallery and back in the school environment.

The new programme has attracted a small growth in visits this year (1146 pupils this year in comparison to 1033 in 2016/17), but with the new team more substantial growth is planned for 2018-19.

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Schools Initiative

After 5 years of the Picture This project, a new Schools Initiative project was developed with the aim of providing an opportunity for students from different, local schools to work collaboratively. The project was student led, so that the students could have ownership over the work they selected to focus on. Finally, the project to provide an opportunity for students from Chichester College to take a leading role and gain experience mentoring and putting together an exhibition. The schools involved in this project are Central CE Academy, Parklands Community Primary, St Anthony's School and Chichester College. There were three students from Central CE Academy and Parklands Community Primary, 6 St Anthony's School students and finally three students from Chichester College. This has been taking place during early 2018 and the exhibition of around 20 works will open on June 7 2018 in the Studio at Pallant House Gallery.

The Dog Project

This was a partnership project between Chichester District Council, Seal Primary Academy in Selsey and the Gallery, where children were inspired by a Christopher Wood painting to create a colourful sculpture of a dog to highlight the issue of dog fouling. The dog was transported across Chichester District to different fêtes and events where people learn about the children's campaign

Teachers' CPD

182 teachers engaged Pallant House Gallery CPD sessions during 2017-18, including Teacher Private Views for each exhibition season.

Arts Award

Nine young people took part in the Bronze Award Arts with an exhibition held in June 2017 and assessment in the autumn.

Young People and Students (ages 16 – 25)

- Number of F.E College visits = 11
- Total number of F.E students visiting = 248 (85 of which were from the Chichester District)
- Number of H.E. University visits = 6
- Total number of H.E students visiting = 181 (60 of which were from the Chichester district)

(17 different institutions, 429 students in total)

In comparison to 2016/17 there has been a small decrease in the amount of students visiting in organised groups (504 in 2016/17), but an increase in the amount of different institutions visit (only 14 in 16/17). Entry to the Gallery is now free for all students showing an ID or NUS card.

Northbrook College 'Interventions'

12 students were invited to respond to different artworks and architectural features in the Old House and after a series of tutorials with Pallant House Gallery staff their creations were displayed at the Gallery from late January 2018 for 6 weeks. The installations were very popular with many members of the public commenting on how interesting they were.

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Chichester University and Pallant House Gallery Community Programme / Otter Gallery partnership

The Gallery continues to provide opportunities (5 in total) for Chichester University students to become Partners in Art – where they are partnered with a member of the Community Programme whom they help mentor and support to create new artwork. This year the partnerships took a new form by contributing to the Works in Partnership exhibition that is currently taking place in collaboration with the Otter Gallery (see Community Programme section for more information on this project).

In Summer 2017, the Community Programme Manager and Learning Programme Manager presented the Learning and Community Programmes to Level 2 students at the University of Chichester. The aim is to inspire the students to get involved with the Gallery, and learn about the Gallery's unique and inclusive approach.

Chichester College

The Gallery continues to work closely with Chichester College, with 3 students being heavily involved in the Schools Initiative project, as above. Andy Green, Executive Principle, continues to sit on the Learning Advisory Committee and as part of the review into 2018-19 will be working closely to ensure more students are engaged with the Gallery.

iCreate

This collaboration with Chichester College invited graphic art students to look at the Gallery's visual output to make it more accessible/appealing to a younger audience. An exhibition of 8 student's ideas was created poster form and displayed on the Garden Gallery wall. The opening of the exhibition was attended by the students, their families and peers.

Free Young People's workshops

These continued to run on some Saturdays as part of the seasonal events programme. The format is being reviewed due to low take-up.

Sussex University MA student internship

This year for the first time the Gallery worked in partnership with Sussex University to offer a 10 week internship to an MA in Art History and Museum Curating with Photography student, based in the Library and working on a focused project documenting the furniture collection. This proved very successful and is intended to become an annual arrangement.

Families and Early Years

- Number of participants in Early-Years workshops = 137
- Number of children attending paid-for workshops = 102
- Number of participants in free family activities = 206

The Early-Years (0-4 age group) workshops that take place every morning on the first Friday of the month are consistently at capacity. The paid-for childrens' workshops vary in popularity, as do the free family drop-in sessions.

Everything the Gallery offers for this age-range will be reviewed and honed as part of the current Learning Programme Review.

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Chichester Cultural Learning Partnership

The Gallery continues to be a member of the Chichester Cultural Learning Partnership (CCLP); a membership of 6 local cultural organisations - Chichester Festival Theatre, Fishbourne Roman Palace, The Novium, The Weald and Downland Museum, Chichester Cathedral and Pallant House Gallery. The CCLP bring members of the learning departments together to share best practice, training and deliver joint projects. In 2017-18 the CCLP updated and reprinted the Living Well With Dementia booklet which was again distributed to health and social service centres across the district, shared good practice on a regular basis and continued to build strong and collaborative relationships.

Adults

The Gallery offers a varied programme of Art History and Practical Art courses as part of the seasonal programme, as well as regular Thursday evening talks and film screenings.

Each Art History course attracts approximately 50 participants and some Thursday evening talks often attract near to 100 visitors. Weekend sessions have been initiated to cater for working-age visitors who may not be able to attend during weekdays. These include Sunday Art Classes which are affordable, 'beginners' style sessions exploring different types of making. In 2017-18 there were 141 attendees on the Sunday Art Class programme.

The Gallery offers a varied programme of Art History and practical art courses as part of it

Events in the period included talks by the Gallery's Director Simon Martin (*Art Pop, Rock and Roll*) and Senior Curator Claudia Milburn (*POP! Art in a Changing Britain*) as well as leading art historians, critics and writers including William Feaver (*Lucian Freud: Early Life and Times*), Joanna Moorhead (*The Surreal Life of Leonora Carrington*), Gerard Hastings (*The Rough Guide to Neo-Romanticism*), Prof Martin Salisbury (*John Minton's Illustration*), Lisa Chaney (*Elizabeth David: A Life in Food*), Peter T J Rumley, (*William Coldstream*), Richard Cork (*David Bomberg: The Spirit in the Mass*), Dr Kate Aspinall (*David Bomberg's Teaching and His pupils Frank Auerbach, Leon Kossoff and Dennis Creffield*), Nick Willing (Film Screening: *Paula Rego: Secrets and Lies*), Andrew Graham-Dixon (Film Screening: *David Bomberg: Prophet in No Man's Land*), Colin Wiggins (*Paula Rego's Drawings*), Dr Tanya Harrod (Curator's Talk: *Life as a Stage: the paintings of Leonard Rosoman*) and Jill Seddon (*Not Just Amateurs: Women Designers and the Design Profession in Interwar Britain*).

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5. General Admission and Audience Engagement

Weekly Offers

Half price entry to the collection and exhibition is offered every Tuesday; the Gallery is open Late until 8pm every Thursday with half price entry to the collection from 5pm; spotlight and highlight tours are offered twice a week which are free with the admission ticket.

Open Days

A Free Open Weekend was held in May 2017 (1340 visitors) and a Free Open Day in August 2017 (332 visitors). The audience profile at these events included many who had not visited the Gallery previously, or who had not visited for a long time.

Festival of Chichester Event

The Gallery has continued its relationship with the Festival of Chichester marketing its summer season exhibitions through the Festival brochure as well as hosting a concert and a play in the café.

Visitor Figures

In 2017-18 the Gallery attracted an audience of 56,000 visitors, including 1672 via the Free Open Weekend and Summer Open Day.

Digital Audiences

Digital audiences at end of March 2018

- Instagram: 9,756 (95% growth on previous year)
- Twitter: 17,394 (20% growth on previous year)
- Facebook: 4,937 (9.8% growth in previous year)
- E-bulletin subscribers: 8,300 (9.3% growth on previous year)
- Unique users to visit website, April 2017- end March 2018: 105,031 (8% decrease on previous year)

Audience Profiling

The Gallery took part in the Audience Finder project, a free national audience data project run by the Audience Agency with the support of Arts Council England, enabling cultural organisations to understand, compare and apply audience insight. Investment was also made into additional postcode analysis for exhibition and events attenders for the autumn 2017 and spring 2018 seasons. The Gallery uses the Audience Spectrum segmentation model.

The analysis for 2017/18 shows that the Gallery's three most prominent segments are the highly engaged 'Metroculturals' and 'Commuterland Culturebuffs', and the medium engaged 'Dormitory Dependables'. The Gallery has an over-representation of 'Metroculturals' compared to the population in the South East which can be explained by the large number of visitors from London (circa 20%). This has almost doubled since 2016/17. Engagement with 'Experience Seekers' and 'Home & Heritage' are roughly on a par with local representation of these segments. 'Facebook Families', which represents 8% of the region's population, and 'Trips and Treats' are the biggest opportunities for growth.

In 2017-18 the Gallery performed better than other surveyed organisations in the South East with visitors in the 35-44 and 55-64 age ranges. The Gallery's representation of those in the Under 16 age group increased this year when compared to 2016-17. 62% of admissions visitors were repeat visits. 78% of admissions visitors said they were 'extremely likely' to recommend the Gallery.

Geographically, as expected, the majority of visitors come from the South East and London, in particular Chichester and surrounding areas, Arundel and Worthing, Brighton and Horsham. However visitors did come from all over Great Britain. Most event bookers come from within 10 miles or so of the Gallery, although participants came from as far afield as Oxford.

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6. Buildings and Facilities

The Gallery continued its ongoing programme of care and maintenance of the historic building in line with its obligations under its charitable objectives.

A new boiler was installed in the cellar of the historic house, which is a much more efficient unit and should show immediate savings.

The loft of the historic house was insulated in tandem with installing the boiler. This will retain heat in the colder periods and help deflect it during the Summer, and contribute to the Gallery's environmental sustainability.

A programme for redecorating the rooms in the historic house has been initiated with two ground floor rooms redecorated during the year.

The Staff Kitchen was redecorated. Commercial grade vinyl flooring has been laid and new tiling applied to the walls and splash back area.

Fire risk assessments and security audit were completed, with a programme of works and new systems implemented to meet best practice.

Activity against Plans

The Gallery worked on a new Forward Plan for the period from April 2018 to March 2022, which was submitted to the Arts Council in January 2018. In addition it produced a new Equality Action Plan.

The Coach House

The acquisition of No 8, East Pallant, a property that lies at the rear of the Gallery, provides the opportunity for a major capital project to develop additional facilities such as an arts store and conservation area. During the year the architectural brief was developed and explorations of options studies and fundraising applications to the HLF and Arts Council took place.

Collections

The Gallery submitted its Accreditation return to maintain its status as a registered museum, and undertook a programme of conservation in line with the Collections Management Forward Plan, including the recently acquired Degas drawing.

Exhibitions

The Gallery held four major exhibitions in the period, Victor Pasmore: Towards a New Reality, John Minton: A Centenary and Bomberg in partnership with the Ben Uri Art Gallery and Museum, and an exhibition of British Pop Art from the Gallery's collection. It toured the Bomberg exhibition to the Laing Art Gallery. There were three exhibitions in the De'Longhi Print Room including The Woodcut from Dürer to Now, Women Artists: The Female Gaze and The Peter Collymore Gift.

Communications

The Gallery engaged in a brand review, to develop a new brand strategy to inform the Forward Plan, involving staff and stakeholder workshops.

Learning and Community

The Gallery has conducted a review of its current community programme activities, with a view to best allocation of resources.

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Fundraising and Development

The Gallery received £143,000 from Chichester District Council and agreed a four year funding agreement from 2018-22 with a new reporting model. The Gallery continued to receive funding of £89,119 as an Arts Council England National Portfolio Organisation, and applied for and agreed funding from 2018-22 as an NPO.

The Gallery successfully raised over £180,000 from individuals, corporates and trusts and foundations in support of its exhibition programme.

De'Longhi continued their support as the Gallery's headline sponsor for 2017/18 and Toovey's Antique & Fine Art Auctioneers and Valuers continued to support the collection displays and exhibition programme.

The following grants were also received during the financial year:

- £15,000 from the AIM Hallmarks Award in support of the Gallery's new branding project.
- £13,042 from the South Eastern Museums Service towards the purchase of new environmental data loggers.
- £5,000 from the Art Fund and Royal Academy 250th anniversary in support of the Cathie Pilkington exhibition in 2018.
- £1,500 from the Leche Trust for conservation of 18th century art works.

A painting by Edward Seago, left to the Gallery by the late Julia Brough, was sold at auction with approval from the executors with the funds of £15,000 used towards the Acquisition Fund.

The Gallery continued to develop its Patrons programme with 36 new Patrons joining in the year. A number of events and tours were arranged including a trip to galleries and museums in Lisbon.

Four artworks were adopted as part of the Gallery's Adopt an Artwork scheme.

The Gallery continued its Legacy Campaign.

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Commercial Income

Catering

Through its trading subsidiary, Pallant House Gallery Services Limited, the Gallery continued to provide two offers to visitors, a café in the Garden Gallery and a restaurant. Both offers were also available from the Courtyard Garden. The catering was provided by the Sussex Bar & Food Company, a partnership that has remained mutually beneficial. The temporary pop-up nature of the café was reviewed during this year and with its success secured, plans put in place to formally build the café into the architecture of the Ground Floor in the coming year. The quality of offer has been well received by visitors to the Gallery and adds significantly to the visitor experience.

Bookshop

The ongoing partnership with Chichester Gallery Ltd who run the bookshop on our behalf remained fruitful throughout this year with the Gallery receiving a rental income through Pallant House Gallery Services Limited as well as commission on sales of Gallery products and publications. The bookshop operates its own website allowing the marketing of Gallery publications to a wider audience. The bookshop is frequently cited as a key part of the visitor experience and a draw for visitors in its own right. It is widely considered to be the best bookshop for Modern British Art in the country.

Publications

The Gallery published several new titles to accompany major exhibitions. *John Minton: A Centenary* by Simon Martin and Frances Spalding was published in hardback and paperback formats.

Pop! Art in a Changing Britain by Claudia Milburn and Louise Weller was published in a large hardback format and showcased the Gallery's collection of British Pop Art. Both titles were met with critical success.

A Guide to Pallant House Gallery was published for retail at £4.95 and gives an overview of the history, collection and architecture of the Gallery. It is invaluable as an introduction to the Gallery for both visitors and guests.

Volunteers at the Gallery

During 2017-2018 there were around 225 volunteers which included approximately 105 Room Stewards, absolutely essential for the security of the galleries and appreciated by visitors, who are able to learn more about artworks and aspects of the architecture from them.

There are 19 Volunteer Guides at present who provide talks and tours on the collection, some of whom also specialise in talks on the temporary exhibitions. The volunteers assisting with workshops, art courses and the Partners in Art scheme make up a large part of the Learning & Community Programme.

The Friends' office administration is made up of four volunteers, helping to process memberships and there are three Library volunteers. There are twelve volunteers on the Board of Trustees.

In addition to regular volunteers, there were four work placements from local schools, and a number of university work experience placements in the curatorial and communications team. One placement, in particular, was a great success and this young person was recruited as a member of the Front of House team.

There has been a recent re-vamp of all the volunteer information folders in consultation with the Communications department and these are now more user-friendly and full of useful up-to-date information.

Volunteer Briefings are led by the Curatorial staff at the start of each exhibition changeover and a training programme has been introduced on the Collection, Equality & Diversity and Dementia Friends awareness, which gives an insight into different audiences. This included a buffet lunch and social get-together in the Autumn of 2017 and Spring 2018. There was a Christmas Party to say 'Thank you' to all of the Gallery's volunteers.

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Capital Projects

The Gallery purchased the original Coach House to Pallant House, 8 East Pallant, to the rear of the Gallery for £1 million in March 2017. The development project has been outlined as having three major components: the redevelopment of the Gallery's ground floor and current plant systems, the conversion of the Coach House into a Collections Centre housing an environmentally controlled art store and a conservation suite, as well as accessible offices and the implementation of outreach and training Programmes.

The works will also include an extension to the current library and a new gallery space above it, which will join the Coach House to the new wing and a goods lift for accessibility and moving oversized works into the Gallery spaces.

A Coach House Working Group has been set up, consisting of trustees, consulting Architects (MJ Long and Rolfe Kentish) and senior staff members. The Group have met regularly to develop a brief and plan the fundraising strategy for this major capital project. The project target for fundraising has been agreed at £5.5million, which includes £711,288 that needs to be reimbursed to the Endowment Fund.

Quantity Surveyor, David Bailey has been working with the Gallery to project a timetable for the works. Currently, the physical building project should be completed at the end of 2021, with the associated training and outreach programmes commencing in 2022, to be in-line with the Gallery's 40th anniversary.

Funding applications will be submitted to Arts Council England and a number of trusts and foundations during the next financial year.

A bespoke unit Print Room island unit was manufactured during the financial year for installation during 2018, funded by the Weston Foundation and the Pilgrim Trust.

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Financial review

The trustees continue to keep at the forefront of their minds the need to meet operational expenditure from operational income.

The Statement of Financial Activities shows that there was a net outgoing resources during the year of £305,613, which suggests that this objective was not met. However, this result reflects certain exceptional items that should be excluded from the assessment as follows:-

- A diminution in the holding value of the Endowment Funds quoted investments over the year from 1 April 2017 of £238,505. This occurred entirely in the last two months of the year as part of a wider stock market adjustment, which more than reversed itself subsequently. Since the year end, the values have been between £200,000 - £300,000 higher than at 1st April 2017.
- Works of art valued at £134,809 were gifted to the Gallery during the year and the trustees are again hugely grateful for the generosity of donors that makes a marked contribution to the Gallery's collection of artwork. Even though these works do form part of the Gallery's permanent collection and as such their value is not available to meet operating costs, these donations are classified as income for accounting purposes.
- In accordance with normal accounting practice, the accounts reflect a depreciation charge of £292,138, mostly amortising the value of the land and buildings with associated fittings and equipment making up the entire Gallery facility that was passed to the company at valuation in 2010. The trustees do not consider that this underlying asset is reducing in value at all and as such this depreciation charge does not reflect a loss that the company has incurred. They are however considering setting aside funds each year, approximately £150,000, for a longer-term investment and maintenance programme, which is not reflected in the results to date.
- Previous year's accounts have reported on the limited support from the Friends whilst the HMRC enquiry into the VAT status was progressing and funds were retained to cover any potential liability for tax. During the current year, the Friends generated around £40,000 more than was paid to the Gallery.

Adjusting for these factors, the underlying ordinary operational outcome is almost break even and comfortably covered by reserves. Moreover, since the Gallery and the Friends merged on 1 April 2018 and the VAT enquiry was closed without liability, the Gallery subsequently took over fixed assets of net book value £142,706 and net liquid assets, principally cash, of £333,413.

The trustees are pleased to report that there were increases in entrance fees and course income, reflecting a successful exhibition programme and further interest in the Gallery's wide range of art and community courses.

The Gallery does however continue to rely substantially from income from its Endowment Funds investments that provided income of £512,698, which represents around a quarter of total expenditure. Ninety five percent of the endowment is invested in high yielding equity funds. The trustees believe this investment policy which concentrates on income could have an adverse effect on the long-term real value of the capital and there is a risk that dividends could be reduced. Because the Gallery is heavily dependent on the income from the endowments, there are no immediate plans to reduce the level of income drawn.

Staffing costs are the largest element of the operational costs. Committed employees are vital both for the security and care of the collection and for the provision of the Gallery's important education and outreach work. With a number of unexpected vacancies, sick and maternity absences during part of the year, the total payroll cost was almost £123,000 lower than 2016/7 with five fewer staff members including in senior positions. This position was not tenable however as it placed a strain on the remaining management and staff and it restricted the artistic output. These vacancies have now all been filled and consequently the payroll cost for 2018/19 is budgeted to be approximately £150,000 higher than the previous year. This will present a challenge to the Gallery's fund raising and development capability, which the trustees plan to enhance through a senior appointment shortly.

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At 31 March 2018, the group's total funds were £35,103,513. By far the largest element of this is represented by funds held for specific purposes:-

- Endowment (held to generate income to meet core costs) - £11,562,638
- Restricted funds (provided to fund specific activities) - £182,313
- Designated funds (non-realizable assets required for Gallery's continued existence)
 - Fixed assets (Gallery building and equipment etc) - £6,206,587
 - Heritage Assets (Works of Art) - £16,883,558

Chichester District Council has continued its financial support. The Gallery has continued to curate the Council's art collection and under the terms of the lease to maintain the interior of Pallant House, a listed building, the maintenance of which would otherwise fall on the Council.

The trustees have considered the provisions of Financial Reporting Standards 102 in relation to Heritage Assets and the requirements of the Charities SORP. The Gallery is an accredited museum and its collection and archive of works is of both national and international importance. As required by Financial Reporting Standards the collection and archive are incorporated in the accounts. Their book value is treated as an unrestricted designated fund on the basis that the works cannot be sold.

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Reserves Policy

The trustees have a reserves policy designed prudently to ensure that the Gallery has adequate reserves to carry out its charitable objectives including maintaining the assets entrusted to it.

There are various endowment funds; restricted funds where the use is limited to specified projects; designated funds arising through the ownership of specific assets; and the remaining unrestricted funds held for the Gallery's wider charitable activities.

There are four endowment funds that have varying terms, all established with the overarching objective of holding investments to provide income to support the Gallery's core operation. Generally the capital invested is not available to be used for operational expenditure, either by requirement of the fund providers or by the designation of the trustees, although some of the capital relating to the latter could be available if exceptional contingencies arise.

The designated funds were created historically by the provision to the charity of the Gallery building, along with funds held for related contingencies, and the collection of works of art donated or purchased from donations for display in the Gallery. These designated funds are not liquid, unless the related assets were to be sold which would be inconsistent with the charitable objectives and purpose of the Gallery.

The numerous restricted funds are listed later in these accounts under the headings of exhibitions and displays, collection management, organisational development and community projects. Each fund relates to a separately identifiable activity that has attracted its own funding from various providers on terms generally that their support is to be applied only to that project. Normally the Gallery has agreed to fund the balance to ensure the successful outcome of the project from its wider resources. These projects are usually short-term, typically completed within a year, and taken together actually represent the essence of the Gallery's core operation.

On 1st April 2018, the Gallery became sole corporate trustee of the Friends of Pallant House Gallery, which hitherto was a separate charitable membership organisation with the objective of providing financial and other support to the Gallery. From that date, the Friends assets were transferred to the Gallery and the operations were merged. Following this step, the Gallery took over cash balances of over £300,000 after settling liabilities and various fixed assets. Whilst these funds would be available for the wider operational use of the Gallery, as the objectives were substantially the same, the trustees have resolved to create a new endowment fund and invest the cash received.

Previous annual accounts for the Gallery have described how the trustees created a reserves policy in 2013 of having an 'unrestricted operational reserve' of £270,000 which at that time was calculated as equivalent to ten week's operational expenditure. The trustees have reviewed this policy before approving this year's accounts and resolved to update it to the following, which is more relevant to the current position and more prudent:

1. The Gallery should hold cash balances continually, represented by unrestricted funds, of at least £200,000 or, if greater, the cash funding projected to be required for its activities for the following twelve months. This is currently achieved.
2. The endowment fund of £300,000 provided by the Friends should only be held in readily realisable investments so that it acts as a second layer of reserves if required to meet unexpected adverse circumstances.
3. The other endowment funds should continue to include in excess of £500,000 of readily realisable investments that could be sold as a third layer of reserves, whilst otherwise continuing principally to be a source of income for the core operation.

This policy will then be reviewed annually.

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Investment Policy and Objectives

Under its Articles, the Gallery has the power to invest funds in the furtherance of its charitable objectives.

The Gallery's endowment fund is held for the long term and is to generate income. The trustees' investment policy for the fund is to seek to balance income and capital growth. Currently the funds are held in common investment funds. During the year, the Finance and Investment committee reviewed quarterly the allocation between bond funds and equity funds.

Risk Management

The trustees have a duty to identify and review the risks to which the Gallery is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees operate an Audit and Risk Committee that meets every quarter and as part of its remit is to review the "living" Risk Register. This contains the principal risks that the trustees and the senior management team have identified and the Committee ensures that adequate steps are being taken to mitigate and minimize them.

The risk of damage due to fire is controlled by an extensive fire detection and alarm system, which is monitored 24hrs a day 365 days a year and serviced annually. Designated members of Gallery staff are trained in what to do in the event of a fire. A team of Fire Marshalls and a Duty Manager are named on a list at reception and are responsible for the safe and efficient evacuation of the galleries and communicating and liaising with the alarm monitoring company and emergency services. An Emergency Salvage Priority list is updated regularly and includes works from the Gallery's collection and works on loan and their location.

The Finance and Investment Committee meets every quarter to review the current projected financial position of the Gallery. In so doing corrective action can be instigated timeously to minimize the impact.

Plans for Future Activity 2018-19

The Coach House

Applications will be submitted to the HLF and Arts Council; and a major fundraising campaign will be launched. Pre-planning applications will be submitted.

Collections

A programme of collections conservation will be undertaken, and a new environmental data logging system installed.

Exhibitions

The Gallery will hold four major exhibitions during the period: *Pop! Art in a Changing Britain*, *Virginia Woolf: An exhibition inspired by her writings*; *Julian Trevelyan: The Artist and His World*; and *Harold Gilman: Beyond Camden Town*. In addition there will be three Print Room exhibitions, and a contemporary installation by Cathie Pilkington RA.

Communications

The Gallery will implement a new visual identity across all platforms, launch a new website and implement staff tone of voice workshops.

A new Customer Relationship Management system will be implemented and GDPR compliance programme implemented.

Learning and Community

The Gallery will implement new programmes based on findings from the community programme review and seek to engage new schools.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Structure, governance and management

Pallant House Gallery is a charitable company limited by guarantee, incorporated in England and Wales on 16 February 2004 and registered as a charity in England and Wales on 2 March 2004. The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

The trustees, who are also the directors for the purpose of company law, and who served during the year are listed in the 'Legal and Administrative Information' section at the beginning of this report.

None of the trustees has any beneficial interest in the charitable company. All of the trustees are members of the charitable company and guarantee to contribute £1 in the event of a winding up.

Trustees are proactively selected and appointed to ensure there is a broad range of relevant skills and experience represented across the trustee board. Trustee recruitment takes place through targeted approaches to individuals, and via open advertising and interview, agreed by the nomination committee to possess skills and experience that would further strengthen the board. A trustee board skills matrix has been reviewed to ensure a suitable balance of skills, experience and trustee diversity. A comprehensive policy is being prepared by the nominations committee for the appointment and approval of new trustees, in addition to processes for the election of officers such as the Chair and Treasurer. An effective training and development programme for trustees is under development that will ensure that Trustees are cognizant of their statutory responsibilities and also keep up to date on key issues. Currently any new Trustee receives copies of the last three Trustee meetings minutes, annual financial statements and a copy of the Charity Commission's The essential trustee: what you need to know, what you need to do (CC3) and copies of other Gallery literature, such as Pallant Press, the magazine and what's on leaflet.

The trustees are responsible for the overall governance of the charity. They delegate all day-to-day responsibilities for running the organisation to the Director Simon Martin. A Finance & Investment Committee, Audit & Risk committee and Nominations committee have been established to ensure that the trustees' Governance responsibilities are fulfilled. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 10 to the accounts.

Remuneration levels for key management personnel is approved by the Finance & Investment committee and the trustee board takes responsibility for the appointment and performance management of the Director.

The Senior Pay disclosures include the Director and the Deputy Director.

Related Parties

Prior to the merger on 1st April 2018, the Gallery enjoyed a very close relationship with the Friends of Pallant House, whose objectives are financial and other support for the Gallery. In practice, the Friends of Pallant House are mainly concerned with raising funds through donations, subscriptions and events to support the Gallery. A trading subsidiary, Pallant House Gallery Services Limited, carries on commercial activities related to the Gallery and receives income from the restaurant and from the shop franchise.

Asset cover for funds

An analysis of the assets attributable to the various funds and a description of those funds are in note 26 to the accounts.

Equality and Diversity

The Gallery is committed to equality and diversity. Staff and trustees have undergone appropriate training and there are written policies in place which are mentioned by the Director of the Gallery and the trustees. A new Equality Action Plan was formulated in December 2017 and submitted to the Arts Council for approval.

Auditor

The auditor, Jones Avens Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

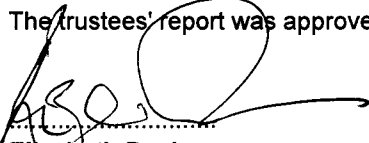
**PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The trustees' report was approved by the Board of Trustees.



Elizabeth Davis

Trustee and Company Secretary

Dated: 6/12/2018

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2018

The trustees, who are also the directors of Pallant House Gallery for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Gallery and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 the Charities SORP;
- make judgements 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 Gallery 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 Gallery 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 Gallery and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PALLANT HOUSE GALLERY**

Opinion

We have audited the group financial statements of Pallant House Gallery (the 'Gallery') for the year ended 31 March 2018 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows and the 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 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 group financial statements:

- give a true and fair view of the state of the charitable group's affairs as at 31 March 2018 and of its 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 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 accounts section of our report. We are independent of the Gallery in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 33 to the accounts, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Gallery's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

PALLANT HOUSE GALLERY CONSOLIDATED FINANCIAL STATEMENTS INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PALLANT HOUSE GALLERY

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within 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 Gallery and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 statement of trustees' responsibilities, the trustees, who are also the directors of the Gallery for the purpose of company law, 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 Gallery'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

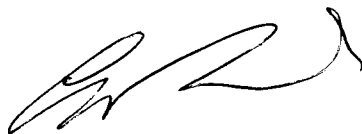
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable group'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 group's members those matters we are required to state to them in an auditors' 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 group and the charitable group's members as a body, for our audit work, for this report, or for the opinions we have formed.

**PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PALLANT HOUSE GALLERY**



**Claire Norwood BSc FCA ATII (Senior Statutory Auditor)
for and on behalf of Jones Avens Limited**

...13/12/18

**Chartered Accountants
Statutory Auditor**

Piper House
4 Dukes Court
Bognor Road
Chichester
West Sussex
PO19 8FX

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
<u>Income and endowments from:</u>						
Donations and legacies	3	526,845	487,981	-	1,014,826	1,133,302
Charitable activities	4	390,209	9,460	-	399,669	378,284
Other trading activities	5	55,766	-	-	55,766	70,176
Investments	6	512,696	-	2	512,698	525,000
Total income and endowments		1,485,516	497,441	2	1,982,959	2,106,762
<u>Expenditure on:</u>						
Raising funds	7	12,131	-	20,019	32,150	34,818
Charitable activities	8	1,664,013	353,904	-	2,017,917	2,136,310
Total resources expended		1,676,144	353,904	20,019	2,050,067	2,171,128
Net gains/(losses) on investments	12	-	-	(238,505)	(238,505)	1,035,498
Net (outgoing)/incoming resources before transfers		(190,628)	143,537	(258,522)	(305,613)	971,132
Gross transfers between funds	13	195,050	(195,050)	-	-	-
Net incoming/(outgoing) resources		4,422	(51,513)	(258,522)	(305,613)	971,132
Other recognised gains and losses						
Actuarial gain/(loss) on defined benefit pension schemes		-	-	-	-	19,796
Net movement in funds		4,422	(51,513)	(258,522)	(305,613)	990,928
Fund balances at 1 April 2017		23,354,140	233,826	11,821,160	35,409,126	34,418,198
Fund balances at 31 March 2018		23,358,562	182,313	11,562,638	35,103,513	35,409,126

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	All income funds	
	2018	2017
	£	£
Gross income	1,982,957	2,106,762
Total expenditure from income funds	2,030,048	2,157,083
Net expenditure for the year	(47,091)	(50,321)

**PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
BALANCE SHEET**

AS AT 31 MARCH 2018

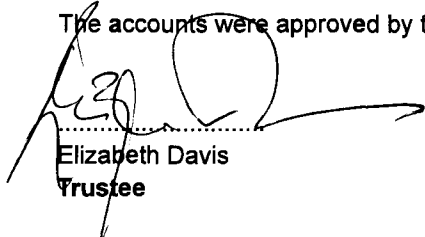
	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	14	7,253,079		7,283,462	
Heritage assets	15	16,883,558		16,748,749	
Investments	16	10,586,836		10,825,341	
		<u>34,723,473</u>		<u>34,857,552</u>	
Current assets					
Stocks	18	21,650		39,764	
Debtors	19	221,321		243,545	
Cash at bank and in hand		269,046		513,570	
		<u>512,017</u>		<u>796,879</u>	
Creditors: amounts falling due within one year	20	(131,977)		(245,305)	
Net current assets			380,040		551,574
Total assets less current liabilities			<u>35,103,513</u>		<u>35,409,126</u>
Net assets			<u><u>35,103,513</u></u>		<u><u>35,409,126</u></u>
Capital funds					
<u>Endowment funds</u>					
General endowment funds		8,212,277		8,232,294	
Revaluation reserve		3,350,361		3,588,866	
	23		11,562,638		11,821,160
Income funds					
Restricted funds	24		182,313		233,826
<u>Unrestricted funds</u>					
Designated funds	25	23,090,145		22,992,071	
General unrestricted funds		268,417		362,069	
		<u>23,358,562</u>		<u>23,354,140</u>	
		<u><u>35,103,513</u></u>		<u><u>35,409,126</u></u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

**PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
BALANCE SHEET (CONTINUED)**

AS AT 31 MARCH 2018

The accounts were approved by the Trustees on 28 September 2018



Elizabeth Davis
Trustee

Company Registration No. 5045130

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	32		(495,467)		(496,294)
Investing activities					
Purchase of tangible fixed assets		(261,755)		(1,004,914)	
Proceeds on disposal of other investments		-		1,000,000	
Investment income received		512,698		525,000	
Net cash generated from investing activities			250,943		520,086
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(244,524)		23,792
Cash and cash equivalents at beginning of year			513,570		489,778
Cash and cash equivalents at end of year			269,046		513,570
Relating to:					
Bank balances and short term deposits			269,046		513,570

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Pallant House Gallery is a private company limited by guarantee incorporated in England and Wales. The registered office is Pallant House, 8 - 9 North Pallant, Chichester, West Sussex, PO19 1TJ.

1.1 Accounting convention

The accounts have been prepared in accordance with the Gallery's governing document, the Companies Act 2006 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 UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The Gallery is a Public Benefit Entity as defined by FRS 102.

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

The accounts have been prepared on the historical cost convention, modified to include the revaluation of fixed asset investments. The principal accounting policies adopted are set out below.

The consolidation is done on a line by line basis. Pallant House Gallery Services Limited is included in the consolidation. This is the only subsidiary of the parent charity.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Gallery has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Gallery.

1.4 Incoming resources

Income is recognised when the Gallery is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Gallery has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Gallery has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Grants are credited as income in the year in which they are receivable. Grants received for specific purposes are accounted for as restricted funds. Grants are not recognised as receivable until all conditions for receipt have been complied with.

Income is deferred when it relates to a grant or sponsorship for a particular period which is after the balance sheet date or when it relates to an event or a course which is happening after the balance sheet date.

Membership subscriptions are recognised when received.

Entrance fees are recognised in income when they are receivable except for group deposits which are recognised when the group visit takes place. Book and other sales income are recognised when receivable.

1.5 Resources expended

Liabilities are recognised on an accruals basis.

Charitable expenditure includes those expenses directly related to charitable activities, support costs and governance costs. Support costs are 15% of the total of unrestricted charitable expenditure and direct charitable activities costs are the remaining 85%. This apportionment of costs applies to both salaries and other expenditure excluding depreciation and governance costs. Governance costs includes audit and accountancy fees, legal and professional fees relating to governance, board meetings expenses and officers' liability insurance.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation.

Freehold land and buildings are depreciated on a straight line basis over 50 years.

Fixtures, fittings and equipment that don't relate to the New Wing are depreciated on a straight line basis over 10 years.

Fixtures, fittings and equipment that relate to the New Wing are depreciated on a straight line basis over 10 years.

Plant and machinery that relate to the New Wing are depreciated on a straight line basis over 15 years.

Acquisitions are not depreciated but are stated at their cost to the Gallery. The trustees are of the opinion that the market value of these assets exceeds their book value, the assets are regularly maintained and restored and their long useful economic life would result in any depreciation charge being immaterial.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Heritage assets

The heritage assets are included in the Balance Sheet at the valuation for insurance purposes. The receipt of donations of heritage assets are reported in the Statement Of Financial Activities at valuation. Depreciation is not provided on the heritage assets as they have indefinite lives. The carrying amount of an asset is reviewed where there is evidence of impairment. Any impairment recognised is shown in the Statement Of Financial Activities.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

Investments in subsidiaries and associates are all held at cost in the separate financial statements of the company.

A subsidiary is an entity controlled by the Gallery. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting end date, the Gallery reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Stocks

Stocks are 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 stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.11 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. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The Gallery has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Gallery's contractual obligations expire or are discharged or cancelled.

1.13 Employee benefits

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 Gallery is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 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.

1.16 Irrecoverable VAT

Irrecoverable VAT is written off in the Statement of Financial Activities in the year it arises.

2 Critical accounting estimates and judgements

In the application of the Gallery'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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	148,305	231,766	380,071	559,324
Legacies receivable	224	11,828	12,052	11,309
Grants receivable for core activities	317,619	206,712	524,331	476,759
Sponsorship	25,336	37,675	63,011	79,877
Friends' membership subscriptions	35,361	-	35,361	6,033
	<u>526,845</u>	<u>487,981</u>	<u>1,014,826</u>	<u>1,133,302</u>
For the year ended 31 March 2017	<u>483,865</u>	<u>649,437</u>		<u>1,133,302</u>
Donations and gifts				
Donations and gifts	13,496	231,766	245,262	434,324
Gifts of artworks	134,809	-	134,809	125,000
	<u>148,305</u>	<u>231,766</u>	<u>380,071</u>	<u>559,324</u>

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

4 Charitable activities

	2018 £	2017 £
Entrance fees	238,758	222,926
Commissions, sales, workshop and other income	101,348	105,632
Art courses income	39,945	30,930
Exhibition and artwork hire	10,597	9,121
Events income	9,021	9,675
	<u>399,669</u>	<u>378,284</u>
Analysis by fund		
Unrestricted funds	390,209	
Restricted funds	9,460	
	<u>399,669</u>	
For the year ended 31 March 2017		
Unrestricted funds		350,116
Restricted funds		28,168
		<u>378,284</u>

5 Other trading activities

	2018 £	2017 £
Non-charitable trading activities in subsidiary	55,766	65,176
Fundraising events	-	5,000
	<u>55,766</u>	<u>70,176</u>

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

6 Investments

	Unrestricted funds	Endowment funds general	Total 2018	Total 2017
	£	£	£	£
Income from listed investments on Endowment	512,307	-	512,307	522,775
Interest receivable on Endowment Fund	-	-	-	933
Other interest receivable	389	2	391	1,292
	<u>512,696</u>	<u>2</u>	<u>512,698</u>	<u>525,000</u>
For the year ended 31 March 2017	<u>525,000</u>	<u>-</u>		<u>525,000</u>

7 Raising funds

	Unrestricted funds	Endowment funds general	Total 2018	Total 2017
	£	£	£	£
<u>Costs of fundraising events</u>				
Depreciation and impairment	-	20,019	20,019	14,045
	<u>-</u>	<u>20,019</u>	<u>20,019</u>	<u>14,045</u>
<u>Trading costs</u>				
Operating trading company undertaking non-charitable trading activity	12,131	-	12,131	20,773
	<u>12,131</u>	<u>20,019</u>	<u>32,150</u>	<u>34,818</u>
For the year ended 31 March 2017				
Costs of fundraising events	-	14,045		14,045
Trading costs	20,773	-		20,773
	<u>20,773</u>	<u>14,045</u>		<u>34,818</u>

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

8 Charitable activities

	2018	2017
	£	£
Staff costs	655,594	767,436
Depreciation and impairment	272,119	274,634
Premises costs	138,088	121,386
Repairs and maintenance	50,405	51,510
Office costs	55,352	66,586
Fundraising and publicity	38,801	51,168
Legal and professional	72,552	53,767
Cost of magazines and gallery publications	31,698	30,413
Other costs	185,723	119,153
Restricted funds expenditure	298,043	384,752
	<u>1,798,375</u>	<u>1,920,805</u>
Share of support costs (see note 9)	206,887	204,034
Share of governance costs (see note 9)	12,655	11,471
	<u>2,017,917</u>	<u>2,136,310</u>
Analysis by fund		
Unrestricted funds	1,664,013	
Restricted funds	353,904	
	<u>2,017,917</u>	
For the year ended 31 March 2017		
Unrestricted funds		1,646,326
Restricted funds		489,984
		<u>2,136,310</u>

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

9 Support costs

	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Staff costs	105,835	-	105,835	116,860	
Premises costs	24,369	-	24,369	21,421	
Repairs and maintenance	8,895	-	8,895	9,090	
Office costs	9,768	-	9,768	11,751	
Fundraising and publicity	6,847	-	6,847	9,030	
Legal and professional	12,803	-	12,803	9,488	
Cost of magazines and gallery publications	5,594	-	5,594	5,367	
Other costs	32,776	-	32,776	21,027	
Audit fees	-	9,600	9,600	8,400	Governance
Governance review, board meetings and Officers' liability insurance	-	3,055	3,055	3,071	Governance
	<u>206,887</u>	<u>12,655</u>	<u>219,542</u>	<u>215,505</u>	
Analysed between					
Charitable activities	<u>206,887</u>	<u>12,655</u>	<u>219,542</u>	<u>215,505</u>	

In addition to the above, there are audit fees for the subsidiary included in these consolidated accounts of £3,595 (2017 - £3,000) which are included in Trading costs in Raising funds.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or reimbursement of expenses from the Gallery during the year.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

11 Employees

Number of employees

The average monthly number employees during the year was:

	2018	2017
	Number	Number
Operations	35	38
Finance and administration	3	5
	<u>38</u>	<u>43</u>

Employment costs

	2018	2017
	£	£
Wages and salaries	707,036	797,012
Social security costs	50,952	63,001
Other pension costs	3,441	24,283
	<u>761,429</u>	<u>884,296</u>

During the year there were redundancy payments of £16,533 (2017 - £4,651).

The number of employees whose annual remuneration was £60,000 or more were:

	2018	2017
	Number	Number
£60,000 - £70,000	<u>1</u>	<u>-</u>

Contributions totalling £390 (2017: £0) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

12 Net gains/(losses) on investments

	2018	2017
	£	£
Revaluation of investments	(238,505)	1,039,045
Gain/(loss) on sale of investments	-	(3,547)
	<u>(238,505)</u>	<u>1,035,498</u>

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

13 Transfers

The transfers between funds are made up of the following:-

- £211,317 donations received towards artwork acquisitions taken to unrestricted (designated) funds as these funds have been used for the purchase of artwork acquisitions in fixed assets.
- £10,806 net deficit on restricted fund exhibitions taken to unrestricted funds as funded by core costs.
- £5,461 correction of restricted funds from last year.

14 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Acquisitions	Total
	£	£	£	£	£
Cost					
At 1 April 2017	7,180,848	984,010	794,286	85,070	9,044,214
Additions	-	-	34,594	227,161	261,755
At 31 March 2018	7,180,848	984,010	828,880	312,231	9,305,969
Depreciation and impairment					
At 1 April 2017	782,207	459,431	519,114	-	1,760,752
Depreciation charged in the year	143,617	65,633	82,888	-	292,138
At 31 March 2018	925,824	525,064	602,002	-	2,052,890
Carrying amount					
At 31 March 2018	6,255,024	458,946	226,878	312,231	7,253,079
At 31 March 2017	6,398,641	524,579	275,172	85,070	7,283,462

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

15 Heritage assets

	£
At 1 April 2017	16,748,749
Donated assets	134,809
	<hr/>
At 31 March 2018	16,883,558
	<hr/> <hr/>

The Gallery owns a substantial collection and an archive of works that are of national and worldwide importance. It boasts one of the best collections of Modern British art in the UK. Donated over the past thirty years, the collections tell the story of a number of individuals, all passionate collectors of art who generously donated their lifetimes' labours to the Gallery for the benefit of the public. The collection includes paintings, drawings, prints, sculptures, studio pottery, lithographs and artists' sketch book and tools.

The Gallery does not have the resources to permit it to purchase Heritage Assets but when offered works as a gift the Co-Directors, Curator and others with the requisite skills and knowledge determine whether they should be added to the collection. In making their decision they take into account both the quality of the work and whether it is an appropriate compliment to the existing collection. They are guided by a full formal written acquisitions and disposal policy, which was last revised in 2008 and formally approved by the trustees on 5 September 2008. It is not the Gallery's policy to dispose of Heritage Assets but, should the Curator believe it would be appropriate to dispose of a work, the Gallery's disposal policy specifies that the decision must be made by the trustees on the advice of the curatorial staff and that the Curator does not have the power to dispose of any work.

The Gallery maintains a full and detailed inventory of all the items in its collection.

The majority of the collection is on public display and access to any work not on display is arranged by appointment.

The Heritage Assets are regularly valued by professional valuers for insurance purposes. The last valuation of the 228 highest value priority works was undertaken in 2009 by Bonhams, fine art valuers and auctioneers. 27 works were valued by Bonhams in 2004, 473 works were valued by Bonhams in 2003 and 21 works valued by Sotheby's in 1995. In each case the basis of the valuation was open market value at the date of valuation. In addition to these Heritage Assets the Gallery also holds a further 1,431 low value works that have not been formally valued. It is estimated that the value of these low value works is in the region of £140,000.

The Heritage Assets are reported in the Financial Statements at the insurance valuation.

During this year there have been donations to the Gallery of Heritage Assets of £134,809 (2017 - £125,000, 2016 - £647,850, 2015 - £143,173, 2014 - £90,179). There have been no disposals or impairment of Heritage Assets during the last five years.

16 Fixed asset investments

	2018 £	2017 £
M&G Investments	10,586,836	10,825,341
	<hr/> <hr/>	<hr/> <hr/>

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

16 Fixed asset investments **(Continued)**

Listed investments included above:	2018	2017
	£	£
M&G investments carrying amount	10,586,836	10,825,341

Fixed asset investments revalued

The historical cost of the M&G Investments is £7,236,475 (2017 - £7,236,475).

The M&G Investments consist of Charifund (value of £7,897,751), Charibond (value of £530,525), HLF Catalyst Charifund (value of £2,113,283) and HLF Catalyst Charibond (value of £45,277).

Movements in fixed asset investments

	M&G Investments £
Cost or valuation	
At 31 March 2017	10,825,341
Valuation changes	(238,505)
At 31 March 2018	10,586,836
Carrying amount	
At 31 March 2018	10,586,836
At 31 March 2017	10,825,341

17 Financial instruments	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	181,368	159,445
Instruments measured at fair value through profit or loss	10,586,836	10,825,341
Carrying amount of financial liabilities		
Measured at amortised cost	106,317	195,566

18 Stocks	2018	2017
	£	£
Catalogues	21,650	39,764

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

19 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	13,652	49,249
Other debtors	168,354	114,153
Prepayments	39,315	80,143
	<u>221,321</u>	<u>243,545</u>

20 Creditors: amounts falling due within one year

	2018	2017
	£	£
Corporation tax payable	-	1,232
Other taxation and social security	15,769	21,422
Deferred income	9,891	27,085
Trade creditors	54,732	170,047
Other creditors	8,458	7,367
Accruals	43,127	18,152
	<u>131,977</u>	<u>245,305</u>

21 Deferred income

	2018	2017
	£	£
Arising from grants	-	8,429
Arising from Sponsorships, exhibitions, courses and other	9,891	18,656
	<u>9,891</u>	<u>27,085</u>

Deferred income is included in the financial statements as follows:

	2018	2017
	£	£
Current liabilities	<u>9,891</u>	<u>27,085</u>

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

22 Retirement benefit schemes

Defined contribution schemes

The Gallery operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Gallery in an independently administered fund. The company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the scheme is to make the specified contributions.

The charge to profit or loss in respect of defined contribution schemes was £3,441 (2017 - £4,767). The creditor at the balance sheet date relating to this scheme is £844 (2017 - £820).

Defined benefit schemes

Pallant House Gallery participated in the Local Government Pension Scheme which is a defined benefit scheme based on final pensionable salary. It ceased participation in the fund on 28 February 2017 and there was no cessation deficit or surplus.

Total pension contributions payable by the charity to this pension scheme amounted to £0 (2017 - £19,516).

23 Endowment funds

Endowment funds represent assets which must be held permanently by the Gallery. Income arising on the endowment funds can be used in accordance with the objects of the Gallery and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Movement in funds					
	Balance at 1 April 2017	Incoming resources	Resources expended	Transfers	Investments gains/losses	Balance at 31 March 2018
	£	£	£	£	£	£
Permanent endowments						
The Monument Trust	5,439,697	-	-	702,251	(138,674)	6,003,274
Appeal Fund	1,741,343	2	-	-	(39,655)	1,701,690
HLF Catalyst	2,205,602	-	-	-	(46,515)	2,159,087
J M Fund	1,746,312	-	(20,019)	(14,045)	(13,661)	1,698,587
The Coach House Property	688,206	-	-	(688,206)	-	-
	<u>11,821,160</u>	<u>2</u>	<u>(20,019)</u>	<u>-</u>	<u>(238,505)</u>	<u>11,562,638</u>

24 Restricted funds

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

24 Restricted funds

(Continued)

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				
	Balance at 1 April 2017	Incoming resources	Resources expended	Transfers	Balance at 31 March 2018
	£	£	£	£	£
<u>Community Projects</u>					
Partners in Art fund	(9,025)	17,500	(8,475)	-	-
Schools Project	3,434	-	(3,434)	-	-
Outside In	27,434	-	(27,810)	376	-
Chichester Art	1,474	-	-	-	1,474
HLF Outside In	5,434	-	(5,434)	-	-
Esme Fairbairn Foundation	5,018	-	(5,018)	-	-
L&C Programme	39,868	12,130	(38,998)	(13,000)	-
Volunteer training	1,990	-	(1,990)	-	-
J R Murray Settlement (L&C)	-	-	(6,480)	13,000	6,520
<u>Collection Management Projects</u>					
Library fund	2,267	199	(1,173)	-	1,293
Catalogue fund	17,011	-	-	-	17,011
Picture conservation fund	1,809	11,828	(2,030)	(9,150)	2,457
Database	25,290	-	-	-	25,290
Artworks acquisitions	24,328	199,417	(2,622)	(197,417)	23,706
Golder Thompson	4,516	1,294	-	(4,750)	1,060
Dannatt Trust - Racking System	47,767	-	-	(14,915)	32,852
Digital Fundraising	807	-	(807)	-	-
Freelance Art Technicians	1,838	-	(974)	(864)	-
Dannatt Librarian Fund	-	8,429	(8,429)	-	-
Data Loggers	-	13,042	-	-	13,042
<u>Exhibitions</u>					
British Constructivism	4,767	4,131	(3,977)	(4,921)	-
Victor Passmore	8,371	13,826	(16,810)	(5,387)	-
John Minton	10,963	15,396	(70,325)	43,966	-
David Bomberg	7,750	21,383	(60,131)	30,998	-
Jessica Dismorr/Radical Woment	(2,000)	2,700	(217)	-	483
Laura Ford	2,715	-	(4,047)	1,332	-
Cathie Pilkington	-	4,500	-	-	4,500
Christopher Wood	-	-	(375)	375	-
Courtyard Garden	-	-	(2,500)	-	(2,500)
Dorothy Bohm	-	-	(38)	-	(38)
Exhibition Fund	-	59,400	(40)	(59,360)	-
Frank & Lorna Dunphy Gift	-	-	(164)	-	(164)
Julian Trevelyan	-	1,000	(1,269)	-	(269)
Karl Hagedorn	-	-	(210)	-	(210)
Leonard Rosoman	-	21,465	(11,355)	-	10,110
Nicholson	-	7,944	-	-	7,944

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

24 Restricted funds

(Continued)

Paula Rego	-	6,375	(4,836)	(1,539)	-
Pop! Art in a Changing Britain	-	21,480	(21,846)	1,166	800
Publications (Delonghi)	-	-	(6,547)	6,547	-
Sheila Bownas	-	-	(892)	-	(892)
Sidney Nolan	-	7,182	(5,675)	(1,507)	-
Virginia Wolf	-	14,444	(2,910)	-	11,534
Organisation Development	-	32,376	(26,066)	20,000	26,310
	233,826	497,441	(353,904)	(195,050)	182,313

The Courtyard Garden, Dorothy Bohm, Frank and Lorna Dunphy Gift, Julian Trevelyan, Karl Hagedorn and Sheila Bownas restricted funds are in deficit at 31 March 2018. There will be income in the 2018/19 financial year that will cover these deficits.

Organisation Development restricted fund includes The Coach House, Branding and Website projects.

25 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2017	Movement in funds			Balance at 31 March 2018
	£	Incoming resources £	Resources expended £	Transfers £	£
Acquisitions fund	89,078	-	-	223,153	312,231
Building fund	6,154,244	-	(259,888)	-	5,894,356
Heritage assets fund	16,748,749	134,809	-	-	16,883,558
	22,992,071	134,809	(259,888)	223,153	23,090,145

The acquisitions fund is represented by works of art purchased for display in the Gallery.

The building fund is represented by the Gallery building and the new wing furniture, fixtures, equipment, plant and machinery.

The Heritage assets fund is represented by the Gallery's collections of artworks which have been donated to the Gallery in the past.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

26 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total £
Fund balances at 31 March 2018 are represented by:				
Tangible assets	6,292,153	-	960,926	7,253,079
Heritage assets	16,883,558	-	-	16,883,558
Investments	-	-	10,586,836	10,586,836
Current assets/(liabilities)	182,851	182,313	14,876	380,040
	<u>23,358,562</u>	<u>182,313</u>	<u>11,562,638</u>	<u>35,103,513</u>

Included in Unrestricted funds above are Designated funds as follows:-

Tangible fixed assets £6,206,587

Heritage assets £16,883,558

Unrealised gains/(losses) included above:

On investments	-	-	3,350,361	3,350,361
	<u>-</u>	<u>-</u>	<u>3,350,361</u>	<u>3,350,361</u>

Reconciliation of movements in unrealised gains/(losses)

Unrealised gains/(losses) at 1 April 2017	-	-	3,588,866	3,588,866
Net gains/(losses) on revaluations in year	-	-	(238,505)	(238,505)
Unrealised gains/(losses) at 31 March 2018	<u>-</u>	<u>-</u>	<u>3,350,361</u>	<u>3,350,361</u>

27 Operating lease commitments

At the reporting end date the Gallery had outstanding commitments for future minimum lease payments under non-cancellable operating leases of £273,000 (2017 - £312,000). This is the total market rent for the land and buildings due over the 10 year term of the lease which expires on 31 March 2025. However, the charging of a concessionary rent rather than a market rent means that the total amount payable would actually be lower than this.

The lease payments recognised as an expense during the year are £11,758 (2017 - £11,700).

28 Capital commitments

2018
£

2017
£

At 31 March 2018 the Gallery had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment	<u>134,000</u>	<u>-</u>
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PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

29 Events after the reporting date

On 1 April 2018 all of the activities, assets and liabilities of The Friends of Pallant House Gallery (charity number 278943) were transferred to Pallant House Gallery.

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	113,285	162,669

Transactions with related parties

During the year the Gallery entered into the following transactions with related parties:

During the year there were grants and donations received from Friends of Pallant House Gallery (a related charity) of £93,575 (2017 - £2,500). There were also grants and donations from Friends of Pallant House Gallery of £0 (2017 - £62,500) released from deferred income.

At the balance sheet date £56,103 (2017 - £724) was owed by Friends of Pallant House Gallery. Also included in these consolidated accounts is a creditor of £5,661 (2017 - £1,447) which was owed by Pallant House Gallery Services Limited to Friends of Pallant House Gallery at the balance sheet date.

T E James and S Greenhalgh are also trustees of Outside In Art. Included in Restricted funds expenditure is £38,262 paid to Outside In Art. At the balance sheet date £11,856 was owed by Outside In Art.

31 Subsidiaries

These financial statements are consolidated financial statements for Pallant House Gallery group.

Details of the Gallery's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Pallant House Gallery Services Limited - Company no. 05526158	UK	Managing the shop and restaurant franchises	Ordinary	100.00	

At 31 March 2018, the company's assets total £57,168, its liabilities £56,968 and its total funds £200. For the year, its turnover is £55,698, expenditure £12,131, bank interest receivable £68 and made a profit of £43,635.

This subsidiary is included in these Consolidated accounts.

PALLANT HOUSE GALLERY
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

32 Cash generated from operations	2018	2017
	£	£
(Deficit)/surplus for the year	(305,613)	971,132
Adjustments for:		
Investment income recognised in statement of financial activities	(512,698)	(525,000)
(Gain)/loss on disposal of investments	-	3,547
Fair value gains and losses on investments	238,505	(1,039,045)
Depreciation and impairment of tangible fixed assets	292,138	288,679
Donations of heritage assets included in income	(134,809)	(125,000)
Movements in working capital:		
Decrease/(increase) in stocks	18,114	(18,488)
Decrease in debtors	22,224	2,046
(Decrease)/increase in creditors	(96,134)	3,766
(Decrease) in deferred income	(17,194)	(57,931)
Cash absorbed by operations	(495,467)	(496,294)

33 Auditors' Ethical Standards

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditors to assist with the preparation of the accounts.

