

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

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

31 December 2018

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

Charity Registration Number  
200048

## Contents

### Reports

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

### Financial Statements

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

## Legal and administrative information

### Directors and Trustees

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

David Brammield RBA  
Cheryl Culver (resigned 18 May 2018)  
Jonathan French  
Jonathan Glasspool (chairman)  
Jeannette Hayes PS (appointed 26 July 2018)  
Nicholas Pollard SWLA  
Alan Power HH  
Nicholas Usherwood (resigned 31 January 2018)  
Susan Wolff (resigned 30 October 2018)  
Rosa Sepple RI  
David St John Rosse RSMA  
John Walton RP  
Benjamin Ward NEAC  
Peter Wileman (resigned 17 May 2018)  
Marc Winer

### Executive Team

Clare O'Brien (CEO, joined February 2019)  
Lewis McNaught (Director, retired February 2019)  
Kwame Brantuo- Boateng (Company Secretary and Head of Finance)  
John Sayers (Company Secretary, retired February 2019)  
Amy Jobling (Head of Exhibitions and Events)

### Auditor

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

### Solicitor

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

### Investment Manager

Quilter Cheviot  
1 Undershaft  
London EC3A 8BB

### Banker

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

## Chairman's foreword

2018 was another year full of artistic energy by the artist members of the 9 art societies which comprise the Federation of British Artists. 661 works of art were sold during the course of the year both at the Art Society exhibitions and online via the digital platform. Without the buyers the artists are not able to flourish, and we express our thanks to them.

Once again at the beginning of the year we staged *Futures* our show to promote the work of recently graduated figurative artists, sponsored by Hottinger and Minerva. We are keen to develop more projects to assist emerging artists in their creative career. A lively programme of public engagement activities mostly led by our artists continues to be an important element towards inspiring artists as well as the public.

In addition the Mall Galleries played host for 28 exhibitions, art prizes and auctions.

At the end of the year the FBA bid farewell to Lewis McNaught, Director for 12 years. We are extremely appreciative of all Lewis' efforts – he transformed the gallery spaces, bringing them up to the modern standards now expected and ensured that the FBA is on a sound financial footing. The Board are delighted to have appointed Clare O'Brien, director of Chiswick House and Gardens Trust and previously at the Wallace Collection and the National Theatre. Clare joined in early 2019.

The Board and team will be working with Clare to take the FBA into the 2020s with fresh ambitions and strategy. We need to be mindful of the changing environment for presenting and selling works of art and explore how to adapt adroitly to the buyer's demands in order to best promote and showcase the works of the 700+ artist members of the nine art societies.



Jonathan Glasspool

Chairman Federation of British Artists

The Board of Trustees (the "Board") is pleased to present the annual report and review of the Federation of British Artists (the "Federation"), together with the consolidated financial statements of the Federation and its subsidiary company Mall Galleries Trading Limited for the financial year ended 31 December 2018. This report has been prepared in accordance with Part 8 of the Charities Act 2011.

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

## **Structure, Governance and Management**

### ***Structure***

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

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

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

A Board of Trustees is responsible for governance and control of the company and meets up to five times a year. The delivery of the charity's objectives and the Board's policy-making decisions are delegated to the staff of the Federation under the direction of the Director.

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

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

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

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

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

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

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

***Organisation***

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

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

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

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

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

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

The Federation is especially grateful for the support of a large number of volunteers, whose time and dedication, especially in support of our education programmes, makes a vital contribution to the objectives of the charity.

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

### ***Risk Management***

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

- ◆ Weekly meetings involving all members of the permanent staff with the aim of identifying potential risks at an early stage and escalating them when appropriate.
- ◆ A formal quarterly assessment of all risks by the Finance and Budget Committee, in conjunction with senior charity staff, which leads to the updating, monitoring and circulation of a Register of Headline Risks to mitigate these risks throughout the year.
- ◆ A formal annual review of the charity's risk management process by the Finance and Budget Committee.
- ◆ A review of the charity's Register of Headline Risks at each meeting of the Board.

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

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

### ***Premises***

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

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

***Risk Management*** (continued)

*Premises* (continued)

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

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

*Gallery Operations*

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

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

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

*Organisation & Governance*

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

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

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

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

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

*Finance*

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

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

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



## **Objectives of the Charity**

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

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

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

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

The Federation sets out to achieve these objectives by:

- ◆ Providing administration, technical services and facilities for the Federation's member societies and for their annual exhibitions held at Mall Galleries.
- ◆ Providing concessionary access to large numbers of our visitors and free access to everyone under the age of 18.
- ◆ Providing facilities for the weekly life-drawing sessions of the Hesketh Hubbard Art Society.
- ◆ Providing exhibition facilities for other artists, group shows and organisations whose objectives are consistent with furthering the charitable objectives of the Federation.
- ◆ Facilitating prizes and bursaries to artists with the aim of encouraging participation and fostering excellence.
- ◆ Mounting new exhibitions that further the role of the Federation as a forum for contemporary figurative painting and sculpture.
- ◆ Organising debates, tours, workshops and artist-led demonstrations, most of which are free to visitors and all of which draw on the rich resources of our member societies.
- ◆ Reaching out to a diverse range of audiences through an innovative art and heritage education programme of on-site workshops and community outreach. The charity is committed to engaging some of the most excluded and marginalised audiences.

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

**Objectives of the Charity** (continued)

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

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

**Review of Achievements and Performance**

***Exhibitions***

38 exhibitions were hosted at the Mall Galleries including:

- ◆ x 10 Federation of British Artists' exhibitions including Futures, a contemporary exhibition by emerging, recently graduated artists
- ◆ x1 Major Art Prize
- ◆ x1 Exhibition & Auction
- ◆ x1 Art Fair
- ◆ x 20 Group Shows
- ◆ x 4 Solo

FBA Exhibition highlights:

In total, our eight exhibiting Member Societies received over eleven thousand submissions (11,217) representing an increase of over five thousand (5,945) since 2011, before the advent of digital pre-selection.

The Royal Society of Portrait Painters ('RP') Annual Exhibition received over two thousand submissions for the first time (2,143).

We welcomed our sixth edition of FBA Futures, which comprised of 89 artworks presented by 27 artists.

Non-FBA exhibition highlights included:

Picasso's muse Lydia Corbett, presented her largest ever London exhibition at Mall Galleries. Known to Picasso as 'Sylvette' Lydia later forged a successful artistic career of her own.

'The Art of Collecting' celebrated a collaboration between Mall Galleries and a rich collection of artist Trusts & Foundations including The Wilhelmina Barns-Graham Trust, The Jerwood Collection, The Ingram Collection and The Fleming Collection.

St Mary's School Calne presented a triennial London exhibition which provided pupils with the opportunity to exhibit alongside established alumnae.

MacDougall's; the only fine art auction house to specialise exclusively in Russian art, ranging from 19th and early 20th century hosted a week long exhibition & art auction.

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

***Full list of Exhibitions staged in 2018***

FBA Society Annual Exhibitions:

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

'REGULAR' Group Shows:

- ♦ Artist and Illustrator Magazine
- ♦ The Wapping Group
- ♦ Lynn Painter-Stainers Prize
- ♦ Qualiart
- ♦ David Shepherd Wildlife Artist of the Year
- ♦ Astor College Annual Exhibition
- ♦ The Guild of Aviation Artists
- ♦ Art for Youth
- ♦ Sunday Times Watercolour Competition
- ♦ Derwent Art Prize
- ♦ The Royal Society of Miniature Painters and Sculptors
- ♦ ING Discerning Eye
- ♦ The Society of Women Artists

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

***Full List of Exhibitions staged in 2018 (continued)***

'ONE OFF' Group or Solo Exhibitions:

- ♦ Tim Benson Solo
- ♦ John Falcke Solo
- ♦ Lydia Corbett
- ♦ St Marys Calne
- ♦ Bosco Hong (International)
- ♦ Noonpowell (International)
- ♦ Teresa Song (International)
- ♦ Wakanda Wang (International)

CHARITABLE Exhibitions:

- ♦ Help for Heroes

FBA CURATED/ COLLABORATIVE Exhibitions:

- ♦ Columbia Threadneedle Prize – Submissions and Sales
- ♦ FBA Futures
- ♦ Art of Collecting / Mayfair Arts Weekend

PHOTOGRAPHY Group Exhibitions:

- ♦ British Wildlife Photography
- ♦ Food Photography Awards

ART FAIRS:

- ♦ Tribal Art London Fair

OTHER:

- ♦ MacDougall's Exhibition & Auction

***Visitors***

56,000 visitors came to the galleries and 2,307 people participated in an education programme.

We communicated online with growing audiences:

Website visitors –	132,000 +14%
Facebook –	20,800 +10%
Instagram –	19,000 – new in 2018
Twitter –	13,000

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

### **Artworks**

Of the Federation of British Artists Exhibitions at the Mall Galleries:

- ◆ 11,217 works of art were submitted to be shown of which 2,844 were selected. This amounts to 25% of submitted works.
- ◆ 64% of the artworks shown were by FBA members and 36% non-member.
- ◆ 557 (i.e. 20% of works exhibited) were sold.
- ◆ In total for the year 4,600 artworks came through the galleries.
- ◆ Online and through our commissioning service, 104 customers purchased artworks both corporate and private sales.
- ◆ In the Bookshop over 10,000 cards were sold and over 3,500 books.

### **Education and Learning**

Throughout 2018, we continued with our on-going partnerships with mental health support groups Capital Arts and Open Arts Essex, as well as embarking on a new collaboration with the Charity Mind. Participants explored our diverse exhibition programme, the rich heritage of The Mall area as well as creating their own artworks.

In May, we held the Artist in the Portrait residency as part of our Royal Society of Portrait Painters Exhibition. We invited emerging artist Aliona Adrianova whose work focuses on photography to capture several of the Royal Society of Portrait Painters artists in their creative spaces. Aliona visited artists in their studios, located all over the UK, to create a series of intimate and often unexpected portraits. In some ways, this initiative was a precursor to our new *In the Studio* programme which was launched in October 2018.

For *In the Studio*, we have invited 22 artists between the ages of 18 to 26 to explore both tangible and intangible artistic spaces in order to piece together their own narrative of 'studio life'. Even though the idea of the artist's studio has been our starting point, this project is providing young talent an overall understanding of the different pathways of building a career in the cultural sector. *In the Studio* operates as an alternative 'learning environment', somewhere between art school and mainstream gallery education. The first couple of months of *In the Studio* included studio visits, networking events, 'behind the scenes' tours during hanging days of FBA exhibitions, as well as mentoring with our artists. In 2019, participants will get to explore even more areas of Mall Galleries and our artists as well as hold their own exhibition.

### **Supporters**

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

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

***Supporters*** (continued)

List of key donors and sponsors

Neil and Tracey Davidson  
Foundation Derbyshire  
The Hottinger Group  
Minerva Executive Search  
The Thistle Trust  
Columbia Threadneedle Foundation  
Garfield Weston Foundation

***Developing our Resources***

Like any successful business, a charity can be measured by the efficiency of its operations. During the year the Federation introduced a new direct debit system to enable a smoother collection from members and Friends. The accounting systems were improved by introducing a new computerised package and till operation. A new IT server was introduced to ensure regular back up and remote storage of soft files.

Our Energy Policy: The FBA continues to strive to conserve and save its energy use. For example in 2018 the gallery lighting tracks were changed to accommodate efficiency saving bulbs. A new appointment was made in November 2018 of Facilities Co-ordinator. This role is to manage maintenance issues and contribute to developing a more sustainable organisation.

**Future Plans**

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

With the arrival of a new Director in February 2019, the organisation will present a fresh strategy and approach for the next decade and a business plan for 2020-25.

**FINANCIAL REVIEW AND POLICIES**

***Results for the Year***

The Federation made an operating loss in 2018 of £17,831 from a surplus in 2017 of £102,590.

Total income of £1,821,869 was £197,523 higher than in 2017 (£1,624,346). This was partly due to higher income from sponsorship of £90,700, (2017- £6,000) because of the The Columbia Threadneedle Prize (CTP) held in 2018 ,of which £60,500 came from CTP, £15,200 from Futures and the remaining £12,000 from other sponsorship. Non Society exhibition income from hiring the galleries was lower (£516,012) than 2017 (£639,012).

Within the income from our Charitable activities almost all the streams of income did well. Overall turnover was 12% higher than 2017.

## FINANCIAL REVIEW AND POLICIES (continued)

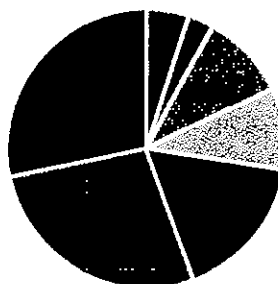
### *Results for the Year (continued)*

Overall expenditure was 21% higher than 2017. There was a rise in overhead costs. Salaries formed 44% of our total costs but were lower than in 2017 which was 49%. We appreciate the staff are the most valued asset of the organisation without which we cannot operate.

Another significant area of expenditure was marketing and advertising on all exhibitions. This showed a 47% increase to £155,523 compared against 2017 (£105,743). Legal and professional expenses were higher by 171% (£23,340) due to a branding project and the introduction of General Data Protection Regulations implementation (2017- £7,651). This required expert advice from our solicitors.

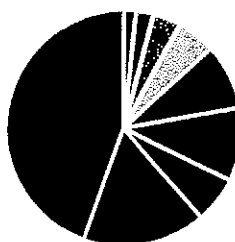
### *Sources of Income and Expenditure*

Sources of Income 2018



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

Sources of Expenditure 2018



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

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

### ***Our Policies***

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

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

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

### ***Pricing Policy***

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

### ***Investment Policy***

No Investments were held by the Federation as at 31 December 2018. A new investment policy is being considered for 2019 and will be done in accordance with the powers available to the Board.

Interest on funds held in bank deposit accounts was £1,597 (2017: £192). Interest rates continue to be very low.

### ***Reserves Policy***

The balance sheet shows total reserves of £1,380,372 (2017 - £1,398,203) consisting of restricted funds of £39,267 (2017 - £22,617), designated funds of £758,927 (2017 - £805,198) and free reserves of £582,178 (2017 - £570,388).

In the restricted education fund, income included donations of £14,000 towards In The Studio Project, £4,750 of donations from Patrons and a transfer of £6,432 from general funds to support education projects. Resources expended on educational programmes during the year amounted to £2,366. The unused balance carried forward of £25,912 will go towards the *In the Studio* project.



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

### ***Reserves Policy*** (continued)

The Threadneedle Foundation donated £20,000 in 2017 plus an additional £28,000 in 2018. These donations helped meet the expenses of The Columbia Threadneedle Prize exhibition in 2018 with a carry forward of £13,355 to cater for the prize winner's solo exhibition. A brought forward donation of £500 from 2017 was spent in 2018 on the FBA Futures exhibition which provides a central London exhibiting opportunity for painters, printmakers and sculptors who have just completed degree courses at UK art schools.

Designated funds consist of the premises maintenance fund for external painting and the tangible fixed assets fund. The trustees are continuing with their policy of making an annual £15,000 transfer to the designated premises reserve to build a fund to meet the cost of the external painting.

New designations of £9,245 were made to the fixed assets designated fund to provide new IT for the offices. The opening balance of £740,198 at 1 January 2018, the new designations of £9,245 less the released amount of £70,516 depreciation leaves a balance carried forward as at 31 December 2018 of £678,927. The tangible fixed assets fund recognises that the tangible fixed assets are required for the day-to-day operation of the charity and are not available for other purposes or general reserves.

Free reserves in the general fund amount to £582,178 (2017- £570,388).

The trustees have set a target level of reserves consistent with our ability to protect our future activities from unexpected financial risk as a minimum of three months of expenditure. This equates to £459,925 at 2018 levels. The current level of free reserves is therefore above the target of three months expenditure and is in line with the reserves policy.

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

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

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

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

**FINANCIAL REVIEW AND POLICIES** (continued)

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

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

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

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

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

Each of the Trustees confirms that:

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

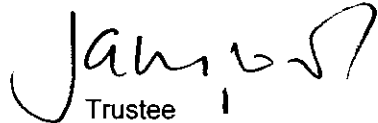
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**FINANCIAL REVIEW AND POLICIES** (continued)

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

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

Signed on behalf of the board:

  
Trustee

Approved by the board on:

25 / 7 / 19

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

**Opinion**

We have audited the financial statements of The Federation of British Artists (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 December 2018 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 December 2018 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**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 group's or the charitable parent company'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.

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

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

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

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

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

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

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

**Responsibilities of trustees**

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

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

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

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

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

**Use of this report**

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



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



**Consolidated statement of financial activities** Year to 31 December 2018

	Notes	Unrestricted funds £	Restricted funds £	2018 Total funds £	Unrestricted funds £	Restricted funds £	2017 Total funds £
<b>Income and expenditure</b>							
<b>Income from:</b>							
Donations and legacies	1	5,798	47,729	53,527	18,320	31,585	49,905
Sponsorship income	2	90,700	—	90,700	6,000	—	6,000
Investments	3	1,665	—	1,665	2,213	—	2,213
<b>Charitable activities</b>							
. Subscriptions	4	172,027	—	172,027	163,521	—	163,521
. Exhibitions		307,746	—	307,746	208,345	—	208,345
. Commissions		498,613	—	498,613	414,233	—	414,233
. Non Society exhibitions		516,012	—	516,012	639,012	—	639,012
Other income	5	181,579	—	181,579	141,117	—	141,117
<b>Total income</b>		<b>1,774,140</b>	<b>47,729</b>	<b>1,821,869</b>	<b>1,592,761</b>	<b>31,585</b>	<b>1,624,346</b>
<b>Expenditure on:</b>							
Raising funds	6	5,426	—	5,426	2,004	—	2,004
Charitable activities	7	1,796,763	37,511	1,834,274	1,502,017	21,906	1,523,923
<b>Total expenditure</b>		<b>1,802,189</b>	<b>37,511</b>	<b>1,839,700</b>	<b>1,504,021</b>	<b>21,906</b>	<b>1,525,927</b>
<b>Net (expenditure) income before gains on investments</b>	9	<b>(28,049)</b>	<b>10,218</b>	<b>(17,831)</b>	<b>88,740</b>	<b>9,679</b>	<b>98,419</b>
Net gains on investments	14	—	—	—	4,171	—	4,171
<b>Transfer between funds</b>	17	<b>(6,432)</b>	<b>6,432</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net (expenditure) income and net movement in funds for the year</b>		<b>(34,481)</b>	<b>16,650</b>	<b>(17,831)</b>	<b>92,911</b>	<b>9,679</b>	<b>102,590</b>
<b>Reconciliation of funds:</b>							
Balances brought forward at 1 January 2018		1,375,586	22,617	1,398,203	1,282,675	12,938	1,295,613
<b>Balances carried forward at 31 December 2018</b>		<b>1,341,105</b>	<b>39,267</b>	<b>1,380,372</b>	<b>1,375,586</b>	<b>22,617</b>	<b>1,398,203</b>

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

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

**Balance sheets** 31 December 2018

	Notes	Consolidated		Federation	
		2018 £	2017 £	2018 £	2017 £
<b>Fixed assets</b>					
Tangible assets	13	678,927	740,198	678,927	740,198
Investments	14	—	—	2	2
		<u>678,927</u>	<u>740,198</u>	<u>678,929</u>	<u>740,200</u>
<b>Current assets</b>					
Debtors	15	233,842	242,552	579,076	470,924
Stock		19,996	23,925	—	—
Cash at bank and in hand		848,434	886,019	480,149	592,238
		<u>1,102,272</u>	<u>1,152,496</u>	<u>1,059,225</u>	<u>1,063,162</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	16	(400,827)	(494,491)	(357,782)	(405,159)
<b>Net current assets</b>		<u>701,445</u>	<u>658,005</u>	<u>701,443</u>	<u>658,003</u>
<b>Total net assets</b>		<u>1,380,372</u>	<u>1,398,203</u>	<u>1,380,372</u>	<u>1,398,203</u>
<b>The funds of the group/charity:</b>					
Restricted funds	17	39,267	22,617	39,267	22,617
Unrestricted funds					
. Designated funds	18	758,927	805,198	758,927	805,198
. General fund		582,178	570,388	582,178	570,388
		<u>1,380,372</u>	<u>1,398,203</u>	<u>1,380,372</u>	<u>1,398,203</u>

Approved by the Board  
and signed on its behalf by:



Trustee

Approved on: 25/7/19

Company Registration Number  
683275 (England and Wales)



# Consolidated statement of cash flows 31 December 2018

	Notes	2018 £	2017 £
<b>Cash flow from operating activities:</b>			
Net cash (used in) provided by operating activities	A	(30,338)	178,097
<b>Cash inflow (outflow) from investing activities:</b>			
Dividends and interest from investments		1,665	2,213
Purchase of tangible fixed assets		(9,245)	(27,916)
Proceeds from the disposal of fixed assets		333	240
Proceeds from the disposal of investments		—	100,564
Purchase of investments		—	(21,013)
Net cash (used in) provided by investing activities		(7,247)	54,088
Change in cash and cash equivalents in the year		(37,585)	232,184
Cash and cash equivalents at 1 January 2018	B	886,019	653,835
Cash and cash equivalents at 31 December 2018	B	848,434	886,019

Notes to the statement of cash flows for the year to 31 December 2018.

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

	2018 £	2017 £
Net movement in funds (as per the statement of financial activities)	(17,831)	102,590
Adjustments for:		
Depreciation charge	70,516	68,467
Gains on investments	—	(4,171)
Dividends and interest from investments	(1,665)	(2,213)
(Profit) deficit on disposal of tangible fixed assets	(333)	85
Decrease (increase) in stocks	3,929	(8,242)
Decrease in debtors	8,710	37,760
Decrease in creditors	(93,664)	(16,179)
Net cash (used in) provided by operating activities	(30,338)	178,097

## B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	848,434	886,019
Total cash and cash equivalents	848,434	886,019

## **Principal accounting policies 31 December 2018**

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

### **Basis of preparation**

These financial statements have been prepared for the year to 31 December 2018.

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

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

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

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

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

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

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

- ◆ estimating the useful economic life of tangible fixed assets;
- ◆ allocation of expenditure and support costs.

### **Assessment of going concern**

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

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

**Basis of consolidation**

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

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

**Income recognition**

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

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

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

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

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

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

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

**Income recognition** (continued)

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

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

**Expenditure recognition**

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

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

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

All expenditure is stated inclusive of irrecoverable VAT.

**Allocation of support and governance costs**

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

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

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

**Tangible fixed assets**

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

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

**Fixed asset investments**

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

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

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

**Stock**

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

**Debtors**

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

**Cash at bank and in hand**

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

**Creditors and provisions**

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

**Fund accounting**

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

**Fund accounting** (continued)

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

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

**Leased assets**

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

**Pension contributions**

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

**1 Income from donations and legacies**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	Unrestricted funds £	Restricted funds £	2017 Total funds £
Legacies	—	—	—	17,288	—	17,288
Patrons	—	4,750	4,750	—	3,500	3,500
Trusts and foundations	5,798	42,979	48,777	1,032	28,085	29,117
<b>Total funds</b>	<b>5,798</b>	<b>47,729</b>	<b>53,527</b>	<b>18,320</b>	<b>31,585</b>	<b>49,905</b>

**2 Income from sponsorship**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	Unrestricted funds £	Restricted funds £	2017 Total funds £
Sponsorship income	90,700	—	90,700	6,000	—	6,000
<b>Total funds</b>	<b>90,700</b>	<b>—</b>	<b>90,700</b>	<b>6,000</b>	<b>—</b>	<b>6,000</b>

**3 Income from investments**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	Unrestricted funds £	Restricted funds £	2017 Total funds £
Fixed interest	68	—	68	969	—	969
Equities	—	—	—	974	—	974
Other	—	—	—	78	—	78
	68	—	68	2,021	—	2,021
Bank interest receivable	1,597	—	1,597	192	—	192
<b>Total funds</b>	<b>1,665</b>	<b>—</b>	<b>1,665</b>	<b>2,213</b>	<b>—</b>	<b>2,213</b>

**4 Income from charitable activities**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	Unrestricted funds £	Restricted funds £	2017 Total funds £
Subscriptions						
• Members	111,291	—	111,291	112,662	—	112,662
• Friends and Patrons	56,736	—	56,736	46,899	—	46,899
• Lay-members	4,000	—	4,000	3,960	—	3,960
	172,027	—	172,027	163,521	—	163,521
Exhibitions	307,746	—	307,746	208,345	—	208,345
Commissions	498,613	—	498,613	414,233	—	414,233
Non society exhibitions	516,012	—	516,012	639,012	—	639,012
<b>Total funds</b>	<b>1,494,398</b>	<b>—</b>	<b>1,494,398</b>	<b>208,345</b>	<b>—</b>	<b>1,425,111</b>

## 5 Other income

	Unrestricted funds £	Restricted Funds £	2018 Total funds £	Unrestricted funds £	Restricted Funds £	2017 Total funds £
Sale of books and materials	99,630	—	99,630	87,189	—	87,189
Catering receipts	15,220	—	15,220	13,095	—	13,095
Miscellaneous income	66,729	—	66,729	40,833	—	40,833
<b>Total funds</b>	<b>181,579</b>	<b>—</b>	<b>181,579</b>	<b>141,117</b>	<b>—</b>	<b>141,117</b>

## 6 Expenditure on raising funds

	Unrestricted funds £	Restricted Funds £	2018 Total funds £	Unrestricted funds £	Restricted Funds £	2017 Total funds £
Cost of raising funds	5,426	—	5,426	—	—	—
Investment manager's fees	—	—	—	2,004	—	2,004
<b>Total funds</b>	<b>5,426</b>	<b>—</b>	<b>5,426</b>	<b>2,004</b>	<b>—</b>	<b>2,004</b>

## 7 Expenditure on charitable activities

	Unrestricted funds £	Restricted Funds £	2018 Total funds £	Unrestricted funds £	Restricted Funds £	2017 Total funds £
Membership costs	46,559	—	46,559	36,993	—	36,993
Exhibitions by Member Societies	747,039	—	747,039	622,611	—	622,611
Commissioned work	372,478	—	372,478	299,408	—	299,408
Non Society exhibitions	578,070	34,646	612,716	495,791	—	495,791
Education	52,617	2,866	55,483	47,214	21,906	69,120
<b>Total funds</b>	<b>1,796,763</b>	<b>37,511</b>	<b>1,834,274</b>	<b>1,502,017</b>	<b>21,906</b>	<b>1,523,923</b>

## 8 Support costs

Included within expenditure on charitable activities are support costs as detailed below:

	Membership costs £	Exhibitions by member societies £	Commissioned work £	Non Society exhibitions £	Education £	2018 Total funds £
Premises	—	116,322	56,588	116,322	25,151	314,383
Depreciation	87	16,311	14,606	17,221	22,291	70,516
Governance costs (see below)	4,895	14,213	12,971	20,307	—	52,386
	<b>4,982</b>	<b>146,846</b>	<b>84,165</b>	<b>153,850</b>	<b>47,442</b>	<b>437,285</b>



## 8 Support costs (continued)

	Membership costs £	Exhibitions by member societies £	Commissioned work £	Non Society exhibitions £	Education £	2017 Total funds £
<i>Premises</i>	—	107,548	52,320	107,548	23,255	290,671
<i>Depreciation</i>	85	15,856	14,199	16,742	21,670	68,552
<i>Governance costs (see below)</i>	4,150	10,693	9,208	12,391	—	36,442
	<b>4,235</b>	<b>134,097</b>	<b>75,727</b>	<b>136,681</b>	<b>44,925</b>	<b>395,665</b>

Support costs have been allocated on the basis of estimated usage by each activity.

Included within support costs are governance costs as detailed below:

	2018 Total funds £	2017 Total funds £
Auditor's remuneration	23,340	19,403
Legal and professional	20,726	7,651
Other governance costs	8,320	9,388
	<b>52,386</b>	<b>36,442</b>

## 9 Net (expenditure) income for the year

This is stated after charging:

	2018 Total funds £	2017 Total funds £
Staff costs (note 10)	817,524	745,494
Auditor's remuneration (consolidated)		
- Audit fees: current year	14,875	15,900
- Audit fees: prior year	—	(3,055)
- Other services: current year	8,465	3,503
- Other services: prior year	—	(50)
Depreciation of tangible fixed assets	70,516	68,467
Operating lease rentals – buildings	121,000	121,000
(Profit) loss on disposal of tangible fixed assets	(333)	85

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

	2018 £	2017 £
Staff costs during the year were as follows:		
Wages and salaries	740,667	684,322
Social security costs	69,371	57,170
Pension costs	7,486	4,002
	<b>817,524</b>	<b>745,494</b>
Staff costs per function were as follows:		
Subscriptions	24,532	22,371
Exhibitions	331,893	305,652
Commissions	198,030	162,339
Non Society exhibitions	259,776	236,888
Education	3,293	18,244
	<b>817,524</b>	<b>745,494</b>

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

	Average headcount		Full time equivalent	
	2018	2017	2018	2017
Subscriptions	1	1	0.69	0.63
Exhibitions	18	17	9.34	8.61
Commissions	9	8	5.57	4.57
Non Society exhibitions	12	11	7.31	6.67
Education	0	1	0.09	0.52
	<b>40</b>	<b>38</b>	<b>23.00</b>	<b>21.00</b>

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

	2018	2017
£70,000 - £80,000	1	1

No pension contributions were made on behalf of this member of staff in either 2018 or 2017.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Trustees and the executive team. The total remuneration (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £196,644 (2017 - £189,952).

No Governor received any remuneration for services as a member of the Board during the period (2017 - £nil). Reimbursement for travel and printing expenses amounted to £1,058 (2017 - £1,182) reimbursed to three Trustees (2017 - three).

# 11 Net income from Mall Galleries Trading Limited

Mall Galleries Trading Limited is a wholly-owned subsidiary of the Federation which is incorporated in England and Wales. Mall Galleries Trading Limited receives commercial sponsorship on behalf of the Federation. A summary of Mall Galleries Trading Limited's results for the year to 31 December 2018 are shown below:

	31 December 2018 £	31 December 2017 £
<b>Profit and loss account</b>		
Turnover	408,700	166,090
Cost of sales	(174,481)	(72,096)
Gross profit	234,219	93,994
Administrative expenses	(39,590)	(35,923)
Net profit	194,629	58,071
Amount to be distributed to the Federation under Gift Aid	(194,629)	(58,071)
Retained in subsidiary	—	—

The £2 issued share capital equalled the net assets of the company as at 31 December 2018.

# 12 Taxation

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

# 13 Tangible fixed assets

	Leasehold improvements £	Furniture fixtures and fittings £	Office equipment £	Total £
<b>Federation and Group</b>				
<b>Cost</b>				
At 1 January 2018	1,066,818	60,183	77,147	1,204,148
Additions	—	950	8,295	9,245
Disposals	—	—	(8,913)	(8,913)
At 31 December 2018	1,066,818	61,133	76,529	1,204,480
<b>Depreciation</b>				
At 1 January 2018	355,390	59,554	49,006	463,950
Charge for the year	59,285	499	10,732	70,516
On disposals	—	—	(8,913)	(8,913)
At 31 December 2018	414,675	60,053	50,825	525,553
<b>Net book values</b>				
At 31 December 2018	652,143	1,080	25,704	678,927
At 31 December 2017	711,428	629	28,141	740,198

#### 14 Investments

	2018 £	2017 £
<b>Listed investments</b>		
Market value at 1 January 2018	—	75,379
Disposal at opening value (proceeds £85,810; realised gains £10,582)	—	(96,392)
Additions at cost	—	21,013
<b>Market value at 31 December 2018</b>	<b>—</b>	<b>—</b>
Cash	—	—
<b>Group - Total listed investments at 31 December 2018</b>	<b>—</b>	<b>—</b>
Investment in Mall Galleries Trading Limited	2	2
<b>Federation – Total investments at 31 December 2018</b>	<b>2</b>	<b>2</b>
<b>Historic cost of listed investments</b>	<b>—</b>	<b>—</b>

#### 15 Debtors

	Consolidated		Federation	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	114,472	118,122	100,499	89,961
Amounts due from subsidiary undertaking	—	—	359,800	256,562
Other debtors	39,760	3,992	39,717	4,553
Prepayments and accrued income	79,610	120,438	79,060	119,848
	<b>233,842</b>	<b>242,552</b>	<b>579,076</b>	<b>470,924</b>

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

	Consolidated		Federation	
	2018 £	2017 £	2018 £	2017 £
Trade creditors	125,163	126,959	117,705	119,268
Social security and other taxes	73,526	109,116	64,769	92,729
Deposits and fees received in advance	121,999	174,066	99,811	113,036
Other creditors and accruals	80,139	84,350	75,497	80,126
	<b>400,827</b>	<b>494,491</b>	<b>357,782</b>	<b>405,159</b>

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

	2019 £	2018 £
Deferred income brought forward	174,066	122,255
Additional income deferred during the year	115,832	113,036
Brought forward funds released in the year	(167,899)	(61,225)
Deferred income carried forward at 31 December 2018	<b>121,999</b>	<b>174,066</b>

## 17 Restricted fund

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

	At 1 January 2017 £	Income £	Expenditure £	Transfers £	At 31 December 2017 £
Federation and Group					
Education fund	12,438	11,585	(21,906)	—	2,117
Threadneedle Exhibition	—	20,000	—	—	20,000
Futures Exhibition	500	—	—	—	500
	<b>12,938</b>	<b>31,585</b>	<b>(21,906)</b>	<b>—</b>	<b>22,617</b>

The Education fund comprises donations received for the learning project entitled 'In the Studio'. The transfer from unrestricted funds is to bring the balance on the fund in line with the budget for 2018/19.

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

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

## 18 Designated funds

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

	At 1 January 2017 £	New Designations £	Utilised/ Released £	At 31 December 2017 £
Federation and Group				
Premises maintenance fund	50,000	15,000	—	65,000
Tangible fixed assets fund	781,074	27,676	(68,552)	740,198
	<b>831,074</b>	<b>43,914</b>	<b>(68,790)</b>	<b>805,198</b>

**18 Designated funds (continued)**

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

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

**19 Analysis of net assets between funds**

Group	General Fund £	Designated Funds £	Restricted Funds £	Total 2018 £
<b>Fund balances at 31 December 2018 are represented by:</b>				
Fixed assets	—	678,927	—	678,927
Current assets	983,005	80,000	39,267	1,102,272
Creditors: amounts falling due within one year	(400,827)	—	—	(400,827)
<b>Total net assets</b>	<b>582,178</b>	<b>758,927</b>	<b>39,267</b>	<b>1,380,372</b>
Group	General Fund £	Designated Funds £	Restricted Funds £	Total 2017 £
<b>Fund balances at 31 December 2017 are represented by:</b>				
Fixed assets	—	740,198	—	740,198
Current assets	1,064,879	65,000	22,617	1,152,496
Creditors: amounts falling due within one year	(494,491)	—	—	(494,491)
<b>Total net assets</b>	<b>570,388</b>	<b>805,198</b>	<b>22,617</b>	<b>1,398,203</b>
Federation	General Fund £	Designated Funds £	Restricted Funds £	Total 2018 £
<b>Fund balances at 31 December 2018 are represented by:</b>				
Fixed assets	2	678,927	—	678,929
Current assets	939,958	80,000	39,267	1,059,225
Creditors: amounts falling due within one year	(357,782)	—	—	(357,782)
<b>Total net assets</b>	<b>582,178</b>	<b>758,927</b>	<b>39,267</b>	<b>1,380,372</b>

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

Federation	General Fund £	Designated Funds £	Restricted Funds £	Total 2017 £
<b>Fund balances at 31 December 2017 are represented by:</b>				
Fixed assets	2	740,198	—	740,200
Current assets	975,545	65,000	22,617	1,063,162
Creditors: amounts falling due within one year	(405,159)	—	—	(405,159)
<b>Total net assets</b>	<b>570,388</b>	<b>805,198</b>	<b>22,617</b>	<b>1,398,203</b>

The total unrealised gains as at 31 December 2018 constitute movements on revaluation and are as follows:

Federation and Group	2018 £	2017 £
<b>Unrealised gains included:</b>		
On investments	—	—
<b>Total unrealised gains at 31 December 2018</b>	<b>—</b>	<b>—</b>
<b>Reconciliation of movements in unrealised gains (losses)</b>		
Unrealised losses at 1 January 2018	—	(7,593)
Less: in respect to disposals in the year	—	7,593
	—	—
Add: net (losses) gains arising on revaluation arising in the year	—	—
<b>Total unrealised gains (losses) at 31 December 2018</b>	<b>—</b>	<b>—</b>

## 20 Leasing commitments

At 31 December 2018 the Federation had future minimum commitments under operating leases on land and buildings as follows:

Payments which fall due:	2018 £	2017 £
Within one year	121,000	121,000
Within two to five years	484,000	484,000
After five years	826,833	947,833
	<b>1,431,833</b>	<b>1,552,833</b>

## 21 Capital commitments

At 31 December 2018, the charity had capital commitments of £nil (2017 - £nil).

## 22 Liability of members

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

## 23 Related party transactions

The charity received commission and Trustees hire fees totalling £11,296 (2017 - £13,355) from members of the Board of Trustees in respect of the sale of paintings through exhibitions by societies of which they are members, or commissioned paintings or gallery hire. At 31 December 2018, an amount of £nil (2017 - £nil) was due to members of the Board of Trustees in respect of these activities. Commissions and gallery hire fees received by the charity were at the standard rates payable by all artists.

No donations were received from Trustees in 2018 (2017 - £nil), under the Patron Scheme.

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

## Connected Charities

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

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

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



**The  
Federation  
of British  
Artists  
Limited**

**Detailed income and expenditure  
account for the year ended**

31 December 2018

These pages do not form part of the statutory  
financial statements



# **Detailed income and expenditure account** Year to 31 December 2018

	2018 £	2018 £	2017 £	2017 £
<b>Income</b>				
<b>Donations</b>		<b>53,527</b>		32,616
Legacy		—		17,288
<b>Subscriptions</b>				
Members	<b>111,291</b>		112,662	
Friends & Patrons of FBA	<b>56,736</b>		46,899	
Lay-members	<b>4,000</b>		3,960	
		<b>172,027</b>		163,521
<b>Exhibition receipts</b>				
Submission fees	<b>205,665</b>		132,763	
Admissions	<b>38,892</b>		33,492	
Catalogue sales	<b>12,143</b>		10,975	
		<b>256,700</b>		177,230
<b>Commissions</b>				
Galleries	<b>262,676</b>		236,694	
Portraits	<b>86,115</b>		145,206	
Non Portrait	—		14,118	
		<b>348,791</b>		396,018
<b>Non-society exhibitions</b>				
Galleries		<b>485,698</b>		608,404
<b>Sundry receipts</b>				
Sundry sales	<b>49,363</b>		31,727	
Art magazine revenue	<b>6,491</b>		6,549	
Workshop income	<b>5,262</b>		3,938	
Sponsorship	<b>3,000</b>		1,000	
Management charge	<b>33,821</b>		30,972	
Rental income	<b>29,086</b>		13,270	
		<b>127,023</b>		87,456
<b>Finance receipts</b>				
Bank interest	<b>1,253</b>		155	
Investment income	<b>68</b>		2,021	
		<b>1,321</b>		2,176
		<b>1,445,087</b>		1,484,709

**Detailed income and expenditure account Year to 31 December 2018**

**Reconciliation to the consolidated SOFA**

	2018 £	2017 £
Per detailed income and expenditure account	1,445,087	1,484,709
Add: Mall Galleries Trading gross income	408,700	166,090
Less: Licence Fee included in non-society lets	(13,316)	(8,576)
Less: Management charge	(33,821)	(30,972)
Add: Catering receipts	15,219	13,095
Total income stated in the SOFA	<u>1,821,869</u>	<u>1,624,346</u>

**Detailed income and expenditure account Year to 31 December 2018**

	2018 £	2018 £	2017 £	2017 £
<b>Expenditure</b>				
<b>Premises</b>				
Rent and rates	141,888		142,473	
Insurance	29,505		30,897	
Light and heat	16,325		13,657	
Cleaning	39,858		35,019	
Repairs and maintenance	23,649		25,869	
Services charges	63,158		42,755	
		314,383		290,670
<b>Printing and stationery</b>				
Printing and stationery	103,526		91,744	
Less: receipts for catalogue illustrations	(6,491)		(6,549)	
		97,035		85,195
<b>Advertising exhibitions</b>		84,743		65,696
<b>Postage and telephone</b>		30,408		37,044
<b>Catering</b>	45,148		45,585	
Less: Catering receipts	(15,219)		(13,095)	
		29,929		32,490
<b>Salaries and pensions</b>		817,524		745,494
<b>Professional charges</b>				
Audit	12,000		13,100	
Legal and professional fees	18,057		7,621	
		30,057		20,721
<b>Depreciation</b>		70,516		68,467
<b>Financial expenses</b>				
Credit and merchant service	15,594		10,851	
Bank & paypal charges	4,241		6,883	
Bad debts and recovery	—		—	
		19,835		17,734
<b>Other expenses</b>				
Sundry expenses	151,338		62,471	
Educational expenditure	11,579		14,044	
Loss on disposal of fixed assets	—		83	
Security charges	3,118		4,252	
		166,035		80,850
		<b>1,660,465</b>		<b>1,444,361</b>

**Detailed income and expenditure account** Year to 31 December 2018

**Reconciliation to the consolidated SOFA**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Per detailed income and expenditure account	<b>1,660,465</b>	<b>1,444,361</b>
Add: Mall Galleries Trading expenditure	<b>164,016</b>	<b>68,471</b>
Add: Catering receipts	<b>15,219</b>	<b>13,095</b>
Total expenditure on SOFA	<b>1,839,700</b>	<b>1,525,927</b>

# **Analysis of expenditure** Year to 31 December 2018

	2017	2018	Subscriptions	Exhibitions	Commissions and grants	Non-society exhibitions	Cost of generating funds	Education
	£	£	£	£	£	£	£	£
Premises	290,671	314,383	—	116,322	56,588	116,322	—	25,151
Printing and stationery	89,438	102,855	—	74,611	4,451	23,793	—	—
Advertising exhibitions	105,745	155,523	—	48,565	37,589	69,369	—	—
Postage and telephone	37,484	30,449	2,769	17,045	4,351	4,457	—	1,827
Catering	37,378	43,034	6,363	19,920	4,980	11,724	—	47
Salaries	745,494	817,524	24,532	331,893	198,030	259,776	—	3,293
Audit	19,403	23,340	2,334	7,002	7,002	7,002	—	—
Legal and professional	7,651	20,726	897	4,299	3,581	6,523	5,426	—
Depreciation and loss on disposal	68,552	70,516	87	16,310	14,606	17,222	—	22,291
Financial expenses	18,364	21,163	1,398	3,818	13,405	2,542	—	—
Governance cost	9,388	8,320	1,664	2,912	2,388	1,356	—	—
Other expenses	96,359	231,867	6,515	104,342	25,507	92,629	—	2,874
<b>Total</b>	<b>1,525,927</b>	<b>1,839,700</b>	<b>46,559</b>	<b>747,039</b>	<b>372,478</b>	<b>612,715</b>	<b>5,426</b>	<b>55,483</b>
Totals year to 31 December 2017	1,525,927		36,993	622,611	299,408	495,791	2,004	69,120

**Summary of operating income and expenditure** Year to 31 December 2018

	Income £	Expenditure £	Operating surplus/ (deficit) £
Subscriptions	172,027	46,559	125,468
Exhibitions	256,700	747,038	(490,338)
Commissions	348,790	372,477	(23,687)
	<u>777,517</u>	<u>1,166,074</u>	<u>(388,557)</u>
Non-society exhibitions	472,382	612,715	(140,333)
Other operating income/expenditure	571,970	60,911	511,059
	<u>1,821,869</u>	<u>1,839,700</u>	<u>(17,831)</u>