

**THE DISCERNING EYE LIMITED**

**(A company limited by guarantee)**

**Company Registered number: 03040828**

**DIRECTORS REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 2021**

**THE DISCERNING EYE LIMITED**  
**(A company limited by guarantee)**

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**THE DISCERNING EYE LIMITED**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS DIRECTORS AND  
ADVISERS FOR THE YEAR ENDED 28 FEBRUARY 2021**

**Directors:**

John Caine, resigned 14/12/2020  
Brenda Fenton, resigned 14/12/2020  
Anthony Humphreys, resigned 28/02/2021  
John Penrose, resigned 21/06/2021  
Mervyn Metcalf, appointed 01/03/2021  
Richard Moxon  
Dr Giles Brown  
Sarah Hall, Chair

**Company registered number** 03040828

**Charity registered number** 1056091

**Registered office** 15 Claremont Road  
Claygate  
Esher  
Surrey KT10 0PL

**THE DISCERNING EYE LIMITED**  
**(A company limited by guarantee)**

**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 28 FEBRUARY 2021**

The Directors, who are also Trustees of the charity for the purposes of the Companies Act, submit their annual report and the financial statements of the Discerning Eye Limited (the company) for the year ended 28 February 2021.

The Directors confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP15) "Accounting and Reporting by Charities including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

**Structure, governance and management**

**a      CONSTITUTION**

The company is a charitable company limited by guarantee and was set up by a Charity Commission Scheme.

**b      METHOD OF APPOINTMENT OR ELECTION OF DIRECTORS**

The management of the company is the responsibility of the Directors who are elected and co-opted under the terms of the Trust deed.

**c      ORGANISATIONAL STRUCTURE AND DECISION MAKING**

The Directors are responsible for the day to day running of the charity.

**d      RISK MANAGEMENT**

The Directors have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems are in place to mitigate our exposure to the major risks.

**Objectives and Activities**

**a      POLICIES AND OBJECTIVES**

The company's principal activity during the period was to advance the education of the public in the arts and to encourage public awareness and interest in living British artists and their work.

There have been no changes in the objectives since the last annual report.



## **Achievements and performance**

### **a REVIEW OF ACTIVITIES**

The Directors were very pleased with the hugely positive response to and the increased sales at the 2020 exhibition which was held as a virtual exhibition only for the first time in our history. Despite the uncertainty about what the environment would be in November 2020 in light of the Covid pandemic, we were very keen to continue to support artists and hold some sort of exhibition. So, working with both our sponsor ING UK and The Mall Galleries, we made the decision in June 2020 that it would be inappropriate to ask artists to gather to submit in person and for the first time we did not have a physical selection of pieces. The number of submissions exceeded our expectations and in addition we saw a more geographically diverse range of submissions than in previous years, with more pieces from outside London and the South East.

Holding the exhibition virtually allowed us to increase the number of works shown and each selector was given a broader scope to create their own selection in previous years. The increased submission meant that the selectors had to give up two days for the process, which took place on Zoom and we are very grateful for their time and dedication.

As it stands at the time of writing we are intending to hold a physical exhibition in November 2021. However, we will again have a virtual submission for this year although we hope to be able to gather for the selection process.

The increased submission and the sales have helped boost the financial position of the charity and we have been investing some of that increased surplus in providing an on-line programme of seminars for artists with a further strand for new and budding collectors later in the year.

The Education and Advisory Committee continues to meet to guide the Directors on engagement and potential activities with artists, and to select the Drawing Prize Bursary.

Since the year end Tony Humphreys, our longstanding CEO has retired from the Charity. John Caine another Board member also resigned. Both have been on the board for over 20 years and the Charity and its Directors are very grateful for their hard work, guidance and belief in the Charity and its mission over all of those years. The Directors would also like to extend huge thanks to Mary Dodwell for all of her tireless work and enthusiasm over many years.

We are delighted that Tony Humphreys will be one of the selectors for our 2021 exhibition.

One of last year's selectors, Mervyn Metcalfe, an investment banker and a passionate art collector has now joined the Board.

## **Financial review**

### **a RESERVES POLICY**

The Directors aim to hold adequate resources to provide sufficient working capital for the company. At 28 February 2021, this was approximately 104% (2020 103%) of the budgeted annual expenditure, Cash reserves are held in various current and deposit accounts with CAF Bank, Barclays Bank and Lloyds TSB Bank.

### **DIRECTORS RESPONSIBILITIES**

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Directors are required to:

1. Select suitable accounting policies and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with current statutory requirements. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Directors on 31<sup>st</sup> October 2021 and signed on its behalf, by:



Sarah Hall



**Independent Examiner's Report to the Trustees of  
The Discerning Eye limited  
For the year ended 28 February 2021**

I report on the accounts of the Charity for the year ended 28 February 2021, which are set out on pages 6 to 10

**Respective responsibilities of the Directors and examiner**

As described on pages 2, 3 and 4, the Trustees, who are also Directors of the company for the purposes of the Companies Act, are responsible for the preparation of the accounts and reports. It is my responsibility to carry out procedures designed to enable me to report my opinion.

**Basis of independent examiner's report**

My examination was carried out in accordance with section 145 of the Charities Act 2011, in accordance with the general Directions given by the Charity Commission and so my procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as I considered necessary for the purpose of this report. The company is not required to obtain an audit under statutory requirements so consequently I do not express and audit opinion on these accounts.

**Independent examiner's statement**

In connection with my examination it is my opinion that the accounts are in agreement with the accounting records kept by the company.

Signed:



Dated: 28 Oct 2021

H Nicholls  
7 Fox Lane  
Little Bookham  
Surrey  
KT23 3AT

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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 28 FEBRUARY 2021**

		<b>Unrestricted Total Funds</b>	
		<b>Funds</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
<b>INCOMING RESOURCES</b>			
Incoming resources from generated funds:			
Voluntary income	2	20,000	102,500
Investment income	3	75	757
Incoming resources from charitable activities	4	81,341	62,102
		<u>101,416</u>	<u>165,359</u>
<b>TOTAL INCOMING RESOURCES</b>			
<b>RESOURCES EXPENDED</b>			
Charitable activities	5	84,774	139,268
Governance costs	6	2,443	3,077
		<u>87,217</u>	<u>142,345</u>
<b>TOTAL RESOURCES EXPENDED</b>			
<b>MOVEMENT IN TOTAL FUNDS FOR THE YEAR- NET INCOME/FOR THE YEAR</b>		<b>14,199</b>	<b>23,014</b>
Total funds at 1 March 2020		<u>180,863</u>	<u>157,849</u>
<b>TOTAL FUNDS AT 28 FEBRUARY 2021</b>		<u><b>195,062</b></u>	<u><b>180,863</b></u>

The statement of Financial Activities includes all gains and losses recognised in the year.

The notes in pages 8-10 form part of these Financial Statements.



**THE DISCERNING EYE LIMITED**  
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**BALANCE SHEET AS AT 28 FEBRUARY 2021**

	Note	2021 £	£	2020 £	£
<b>CURRENT ASSETS</b>					
Debtors	8	2,720		2,923	
Discerning Eye art work collection		46,287		43,787	
Cash at bank		<u>154,756</u>		<u>139,826</u>	
		203,763		186,535	
<b>CREDITORS:</b> amounts falling due within one year	9	<u>-8,701</u>		<u>-5,673</u>	
			195,062		180,863
<b>NET CURRENT ASSETS</b>			<u>195,062</u>		<u>180,863</u>
<b>CHARITY FUNDS</b>					
Unrestricted funds	10		<u>195,062</u>		<u>180,863</u>

For the year ending 28/02/21 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

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

The financial statements were approved by the Directors on 31st October 2021 and signed on their behalf, by



**Sarah Hall**

The notes on pages 8 to 10 form part of these financial statements

# THE DISCERNING EYE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

#### 1 Accounting Policies

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention, with the exception of investments which are included at market value, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2015) and applicable accounting standards in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102), effective 1 January 2015 and the Companies Act 2006.

##### 1.2 Company status

The company is a company limited by guarantee and has no legal share capital. The Members of the company are the Trustees named on page 1. On the event of a winding up every Member may be required to contribute £10 to the charity's assets for payment of the charity's debts and liabilities.

##### 1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

##### 1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

##### 1.5 Resources expended

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

##### 1.6 Cash flow

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under section 7 of the Financial Reporting Standard (FRS102)

#### 2 Voluntary Income

**2021      2020**

Sponsorship	20,000	102,500
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#### 3 Investment Income

Bank interest received	75	757
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#### 4 Incoming Resources from Charitable Activities

Commission on Art exhibition sales, submissions & Membership fees	81,341	62,102
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021**

<b>5 Charitable Activities</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Agents Fees	24,000	24,000
Agents commission on sales	8,564	8,552
Prize winners payments	5,500	4,850
Catalogue & Newsletter costs	1,100	300
Printing costs	870	2,776
Postage/email mailings & stationery costs	756	1,186
Exhibition costs	7,364	21,844
Credit card fees	1,192	0
C24 Exhibition costs	150	1,886
Advertising	15,399	8,669
IT/Website costs	2,180	2,867
Submission fees to Agent	16,000	5,000
Transportation of Artists works and other travel costs	0	5,309
The Mall Galleries rent	0	50,000
Insurances	564	981
Storage costs	1,135	1,048
	<b>84,774</b>	<b>139,268</b>

**6 Governance Costs**

Accountancy/Examiners fees	1,429	1,793
Education costs	600	750
Bank charges	67	90
Sundry expenses	347	444
	<b>2,443</b>	<b>3,077</b>

**7 Net Incoming Resources**

This is stated after charging:

Accountants and examiners costs	1,429	1,793
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During the year Mrs C Enskat received an accountancy fee of £1026

During the year, Directors received reimbursement of - expenses of £244

**8 Debtors**

Other debtors	2,720	2,923
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**9 Creditors**

Amounts falling due within one year

Social security and other taxes		
Other creditors and accruals	8,702	5,673

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021**

**10 SUMMARY OF FUNDS**

	<b>Brought forward</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
General funds	180,863	101,416	87,217	195,062