

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

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

31 December 2021

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

Charity Registration Number  
200048

## Contents

### Reports

Legal and administrative information	3
Chairman's foreword	4
Report of the Board	5
Independent auditor's report to the Members	20

### Financial Statements

Consolidated statement of financial activities	25
Balance sheets	26
Consolidated statement of cash flows	27
Principal accounting policies	28
Notes to the financial statements	33

## **Chairman's foreword**

### **Directors and Trustees**

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

Alastair Adams RP  
Linda Alexander ROI  
David Brammield RBA (resigned 12<sup>th</sup> October 2021)  
Tessa Coleman NEAC (appointed 12<sup>th</sup> October 2021)  
Mick Davies RBA (appointed 12<sup>th</sup> October 2021)  
Jeannette Corina De Lacey PS (resigned 12<sup>th</sup> October 2021)  
Eela Devani  
Jonathan French  
Jonathan Glasspool (Chairman)  
David Glazebrook  
Robin Hazlewood RI  
Martin Howarth HH (appointed 12<sup>th</sup> October 2021)  
Geoffrey Huband RSMA  
Nicholas Pollard SWLA  
Alan Power HH (resigned 12<sup>th</sup> October 2021)  
Richard Rees PS (appointed 12<sup>th</sup> October 2021)

### **Executive Team**

Clare O'Brien (CEO)  
Amy Huntington (Head of Exhibitions and Events)  
Eamonn Bambury (Director of Finance and Operations)  
Addi Aegisdottir (Head of Sales and Marketing)

### **Auditor**

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

### **Solicitor**

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

### **Banker**

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

## Chairman's foreword

Society was still in the throes of the global pandemic as 2021 began. We were not able to re-open the doors of Mall Galleries until 14 April. Life continued to be disrupted. We are extremely grateful to those who appreciate figurative art and who continued to view online; visit once we had re-opened; and buy works, thus supporting living artists who have struggled like many in these past two years. 786 works of art were bought and 45 portraits commissioned. This is an increase from happier trading times in 2019 of +39%.

We used the time when we were closed to consult with the Federation's nine member art societies and presidents as regards their art society priorities for the Federation. Each society unanimously reported back that it is the galleries themselves and their strategic location which drives the membership. With this in mind and despite our reserves suffering once again, we start 2022 with the aim to rebuild our finances so that we can remain at Mall Galleries. We will do this by maintaining art sales and commissions and extending the gallery hire offer; re-positioning to attract a pool of new buyers whilst encouraging current supporters; and returning to developing and nurturing figurative artists of the future through our own initiatives and introducing them to our member art societies. We believe that the trading environment will be more difficult in 2022 and into 2023, but we will work hard to continue our tenancy in our spacious and modern galleries and stage excellent exhibitions of contemporary figurative art.

We would like to thank Crown Estate, our landlords, for reducing the rent on the property and the government and Westminster council for business grants and the job retention scheme during 2021.

We have reviewed our vision and mission to add the values by which we operate:

At our heart is championing figurative art and connecting artists with the public. We do this by supporting living artists through exhibiting, promoting, selling, rewarding and commissioning their work, and offering learning and engagement opportunities for all.

Our values -

The Federation of British Artists fosters **quality** and **ambition** in its work, and the work of artists. The FBA strives to be **inclusive** in its support to artists and engagement with the public. As a champion of contemporary figurative art, based on the world around us, the Federation is committed to **sustainability**.

We rely on our knowledgeable trustees and competent team to deliver the results and stage such a high turn-around of exhibitions. An organisational restructure took place to extend our skills further into the digital arena and create efficiencies. 2022 will see the benefits of this. We'd like to thank our staff for the resilience and grit they have shown during a difficult year for the gallery.

Our thanks go to all the artists who exhibit with us, for their determination and creativity during these challenging two years. We look forward to welcoming everyone to Mall Galleries which are happily open and lively once again.



Jonathan Glasspool  
Chairman



Clare O'Brien  
CEO

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 2021. 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 28 to 32 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.

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

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

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

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

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

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

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

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

### ***Organisation***

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

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

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

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

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

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

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

### ***Risk Management***

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

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

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

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

#### ***Disruption cause by Covid-19***

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

The following is the impact on the gallery's activities in 2021 and our actions to mitigate the risk:

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

***Risk management*** (continued)

- ◆ Gallery was closed from January – 14 April 2021.
- ◆ Exhibitions were rescheduled and works of art placed online for sale.
- ◆ Cancellation or deferment of some of the gallery hirers for either exhibitions or one-off events.
- ◆ Visitor numbers much reduced until wider society reopened in full.

Mitigation:

- ◆ Improvement of digital platform for sales and increased marketing activity digitally, to attract a wider market of buyers.
- ◆ Staging online exhibitions as well as physical exhibitions.
- ◆ Gallery hirers – review the hire package and launched new packages for 2022.
- ◆ Receipt of Government grants in line with local gallery support.
- ◆ Expenditure savings:
  - ◇ Staff – Utilisation of the Government Job Retention Scheme.
  - ◇ All staff were placed on the scheme in some capacity.
  - ◇ Holiday for both rent and for business rates.
  - ◇ Reduced or no activity has led to savings in the running cost of the premises.

*Premises*

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

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

The unusable parts of the Learning Centre have been closed and were impaired in the 2020 accounts. We were able to run Hesketh Hubbard life drawing classes in the gallery in the 2<sup>nd</sup> half of 2021, of course adhering to strict Covid-19 guidelines.

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



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

***Risk management*** (continued)

*Gallery Operations*

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

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

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

*Organisation & Governance*

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

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

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

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

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

*Finance*

Cash flow is kept under continual review. Achieving and maintaining the charity's agreed level of free reserves is a priority monitored by the Board.

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

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

## Objectives of the Charity

### *Our Mission Statement*

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

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

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

The Federation sets out to achieve these objectives by:

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

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

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 regular government funding, other than Covid-19 support.

## Review of Achievements and Performance

### Exhibitions – a summary

A total of **23** exhibitions were hosted in 2021 between April and December:

x22 physically staged at Mall Galleries  
x1 took place online only.

These included:

x8 Federation of British Artists, Society Annual Exhibitions  
x2 FBA Initiatives.

Gallery Hire:

x3 Art Exhibitions and Auction Showcase  
x3 Solo Exhibitions  
x1 Art Prize  
x5 Group Exhibitions  
x1 International Group Exhibition

### Full list of Exhibitions staged in 2021:

FBA Society Annual Exhibitions

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

FBA Initiatives

- Ed Burkes; *Dandelion*
- FBA Online; *Figurative Art Now*

Art Exhibition and Auction Showcase

- *Modern Made*; Lyon and Turnbull - Spring and Winter
- Julien's Auctions

Solo Exhibitions

- Julia Munsey; *Altered States*
- Lydia Bauman; *Earthworks*
- Sarah Butterfield; *Oceans, Lights and Beyond*

Art Prize

- ING *Discerning Eye*

International Groups

- Minerva.

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

**Full list of Exhibitions staged in 2021** (continued)

Group Exhibitions

- The Royal Society of Miniatures
- British Plein Air Painters; Colour and Light
- Art for Youth

**Artworks**

Federation of British Artists (FBA) exhibition highlights:

- In total for the year, 2,857 artworks were exhibited across 8 society exhibitions.
- A total of 60% (1,703) member artist works were exhibited and 40% (1,135) non-member artist works exhibited.
- July 2021 saw the eighth winner of the Jonathan Vickers Fine Art Award, Ed Burkes, present a solo show at Mall Galleries. Titled 'Dandelion', it was the culmination of the artist's residency in Derby and followed Ed's larger exhibition at Derby Museum and Art Gallery. Ed responded to the uniquely Derbyshire practice of well dressing, a tradition in which wells are adorned with decorative panels created by pressing flower petals into clay. Overcoming the challenges and obstacles of lockdown, Ed Burkes created a bold and boisterous body of work that is full of colour, theatre, folklore and nods to our everyday.
- To celebrate the FBA's 60 years, Figurative Art Now was launched to UK figurative artists. The FAN judging panel selected from 1,800 artists and 3,980 works. Art Prizes included: Supported solo exhibition, Figurative Art Prize – £5,000 cash prize, Mentorship Prize and Artist Feature Prize.

We were pleased to welcome over 14 weeks of Non-FBA exhibitions to the gallery when possible to do so. Exhibition highlights included:

- Sarah Butterfield, solo exhibitor, showcased over eighty landscape and figurative paintings, all exhibited for the first time. For many people, emerging from lockdown meant journeys. Sarah used such journeys as an opportunity to observe an unusual combination of artificial and natural light.
- Scottish and London based Auction house, Lyon & Turnbull, returned to the gallery with their third edition of Modern Made. An exhibition celebrating the best of Post-War and Modern Design across multiple disciplines covering paintings, works on paper, prints, ceramics, glass and design, prior to auction.
- The British Plein Air Painters, a group of thirty professional artists based in the UK sharing a passion for painting outdoors presented their second group exhibition; Colour and Light in September.
- Minerva, a group exhibition of 230 distinguished Japanese artists presented works of contemporary Japanese painting, Western painting, carvings and sculptures, craft, calligraphy and photography.

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

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

- ◆ Instagram 40,384 > 45,600 = 12.9% increase
- ◆ Twitter 14,468 > 15,100 = 4.3% increase
- ◆ Facebook 23,838 > 24,800 = 4% increase
- ◆ Gallery Visitors: c. 20,000

#### Website:

- ◆ Users 594,406 > 595,318 = 0.2% increase
- ◆ Sessions 916,172 > 969,195 = 5.8% increase
- ◆ Page Views 2,297,956 > 2,651,118 = 15.4% increase

### ***Education and Learning***

Over the course of 2021, the Federation of British Artists facilitated many events on behalf of its member art societies: initially online, while Mall Galleries was closed, then physically, in-person, once the gallery re-opened to the public.

Online events included a painting demonstration by artist Tony Allain on behalf of the Pastel Society; president's video and virtual tour by Mick Davies, President of the Royal Society of British Artists; a live performance of music and art for the Royal Institute of Painters in Water Colours, titled 'Chromatikon'; and a studio tour by Tim Benson, representing the Royal Society of Portrait Painters.

Physical events included the New English Art Club's Annual Lecture on the subject of 'Sickert and the Art of Music Hall'; an evening of Sea Shanties and Drawing with the Morris Folk Choir at the Royal Society of Marine Artists Annual Exhibition; portfolio reviews by the President and members of the Society of Wildlife Artists; and the annual art event evening and paint live competition by the Royal Institute of Oil Painters.

### ***Supporters***

We are very grateful to Mall Galleries Friends for their invaluable support. We would also like to thank Foundation Derbyshire for supporting Ed Burke's residency and exhibition.

### ***Developing our Resources***

Improvements to the infrastructure continue to be paramount – we built on the development projects already started, where we created an integrated customer relationship management system, an update to the online payment platform and improved the financial processes via SAGE Pay. In 2021 we migrated our Deep Thought (Filemaker Pro system) to become a sales and CRM tool.

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

### ***Developing our Resources*** (continued)

We also upgraded our gallery hire packages to support active selling. We are well positioned as a professional and competitive gallery hire space going into 2022.

We also enhanced our processes supporting our portrait commission activity.

### **Future Plans**

In 2022, post pandemic, our aims are to recover revenue to pre-pandemic levels by

- ◆ Transforming the gallery offering by moving to a hybrid of gallery space and online activity with clearly defined products to include an active sales strategy reaching a wider group of potential buyers and revitalising the market for gallery hire and evening events
- ◆ Growing the income streams whilst maintaining a close eye on expenditure
- ◆ Developing skills and processes to deliver change. New digital tools will include a new website to meet customer needs and aspirations

## **Financial review and policies**

### ***Results for the Year***

The Federation made an operating loss in 2021 of £93,591 compared to a loss in 2020 of £339,150. This improvement was supported by higher income, while expenditure remained flat.

Total income of £1,378,277 was £252,002 higher than in 2020 (£1,126,275). The Gallery was closed from January until April 14<sup>th</sup> due to Covid-19 restrictions, which was an improvement from the previous year which was highly disrupted. Income from External Exhibitions and Events was therefore higher by £171,764 driven by a much better 2<sup>nd</sup> half of 2021. Commissions for society art sales were very positive, driven by much higher Society sales in the gallery and on-line, higher by £99,622. Portrait commission income was higher by £64,532 as artists and clients were able to once again run physical sittings needed to complete their work. Income from artists submitting their work to be selected for the society shows were higher by £52,900 as artists were very keen to showcase their wonderful work. Our Membership income was impacted, as our Hesketh Hubbard members were only able to access classes for 6 months, a reduction of £24,579. Furlough income from the Government scheme generated £82,206 a reduction of £64,820 from 2020.

Our income from charitable activities was higher by £361,073, supported by higher overall commissions of £147,278, mainly from Society shows and Portrait commission. All the society shows were sold on-line and physically this year, generating good sales and we finished 43% ahead of prior year. Non society income from hiring the galleries was positive in the 2<sup>nd</sup> half of 2021, but was impacted by Covid-19 in the first 6 months.

## Financial review and policies (continued)

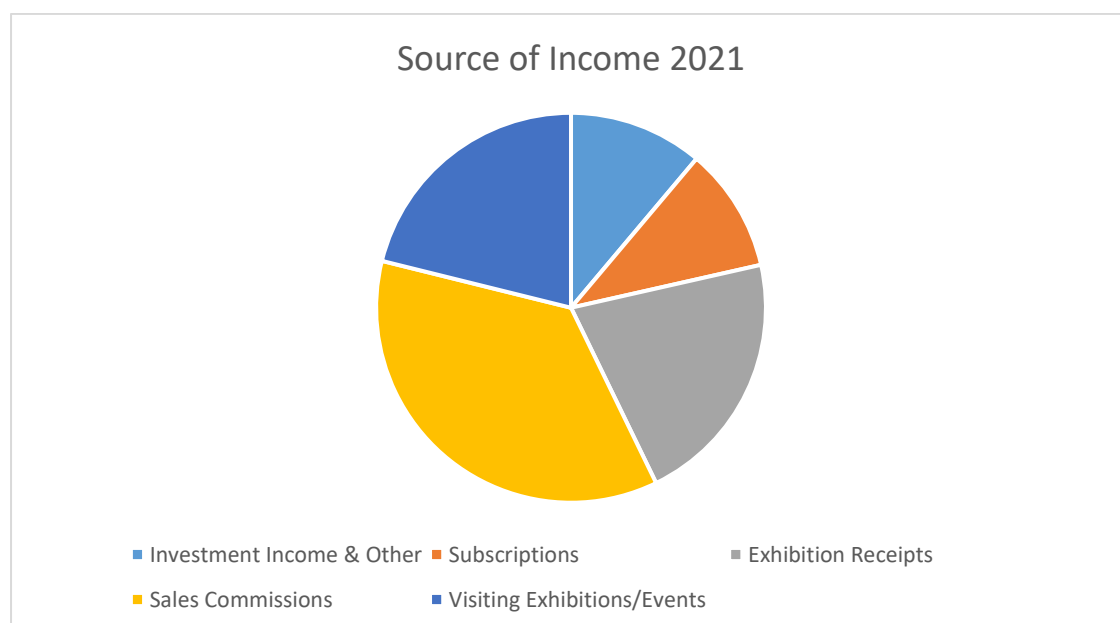
### **Results for the Year** (continued)

Overall expenditure was flat at £1,471,868 versus 2020. We had higher rent costs of £61,694, as we received a larger rent holiday from our Landlord in 2020 versus 2021. This was offset by having lower staff costs and lower investment in website and IT developments. Charitable activities which makes up the majority of our expenditure was also flat.

Salaries formed 56% of our total costs and were lower than in 2020 which was 58%. We appreciate the staff are the most valued asset of the organisation without which we cannot operate.

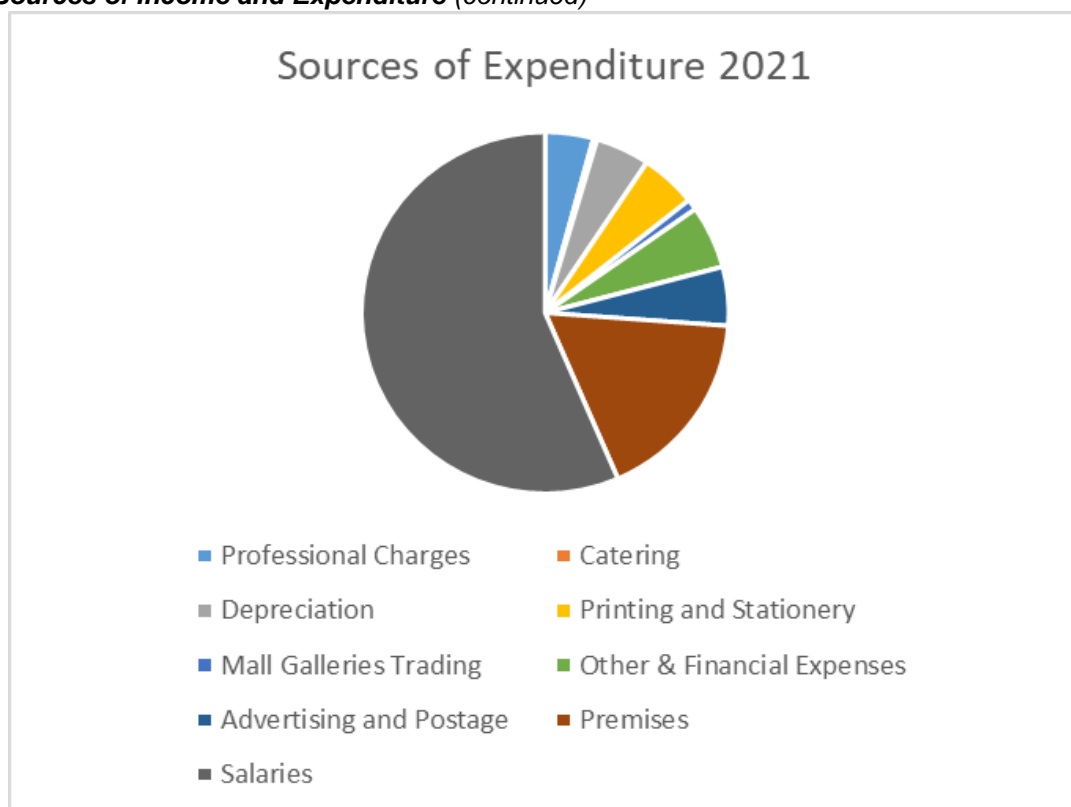
Our overall cash position of £565,373 at the end of December 2021 shows a reduction of £131,950 driven by the impact of Covid-19 on our Exhibition and Events hires, however we are still in a good cash position which will give the Federation resilience in the face of ongoing impacts in 2022 of the pandemic and the cost of living crises.

### **Sources of Income and Expenditure**



**Financial review and policies** (continued)

**Sources of Income and Expenditure** (continued)



**Our Policies**

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

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

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

**Pricing Policy**

Accessibility is a key element of our public benefit offering. We are committed to enabling as many people as possible to view our exhibitions and to participate in activities, regardless of their income and ability to pay. We charge a modest fee to enter some of our exhibitions at Mall Galleries. However, we offer concessions for local groups and networks, as well as for all students and visitors aged 65 or over. Friends and Patrons of Mall Galleries and all visitors under 25 years of age obtain free admission to all exhibitions.



## **Financial review and policies (continued)**

### ***Investment Policy***

No Investments were held by the Federation as at 31 December 2021. All future investments will be impacted by the need to use cash reserves to support the organisation during the recovery from the Covid-19 pandemic.

Interest on funds held in bank deposit accounts was £41 (2020: £1,072). Interest rates continue to be very low.

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

The balance sheet shows total reserves of £792,411 (2020 - £886,002) consisting of restricted funds of £25,409 (2020 - £25,409) designated funds of £501,333 (2020 - £521,192) and free reserves of £265,669 (2020 - ££339,401).

In the restricted education fund, income included £1,500 of donations from Patrons. Resources expended on educational programmes during the year amounted to £1,550. The unused balance carried forward of £25,409 will go towards a similar project to the *In the Studio* project.

Designated funds consist of the premises maintenance fund for external painting and the tangible fixed assets fund. As the planned work in 2020 did not happen that year due to Covid-19, it was decided to keep the fund at £80,000 in 2021, which is sufficient to cover future maintenance and the cost of the external painting.

New designations of £50,455 were made to the fixed assets designated fund to provide new IT and office equipment, replacement of the disabled lift in the gallery and upgrades of the lighting and wiring. The opening balance of £441,192 at 1 January 2021, the new designations of £50,455 less the released amount of £70,314 depreciation leaves a balance carried forward as at 31 December 2021 of £421,333. 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 £265,669 (2020 - £339,401).

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 approximately £370,000 at 2021 levels.

Due to the Covid-19 situation our free reserves have taken a substantial hit and will continue to be affected into 2022 as the gallery hire business and number of visitors will take a while to come back to 2019 levels. Thereafter we have created a plan to build our reserves back up over a 5-year period, to a level that the trustees believe will secure the future of the Federation.

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

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

**Financial review and policies** (continued)

***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).

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

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

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

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

Each of the Trustees confirms that:

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

**Financial review and policies** (continued)

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

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

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:



Jonathan Glasspool  
Chairman

**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 2021 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 2021 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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, which is also the directors' report for the purposes of company law, 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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011) and those that relate to data protection (General Data Protection Regulation).

**Auditor's responsibilities for the audit of the financial statements** (continued)

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

A handwritten signature in cursive script that reads "Buzzacott LLP".

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

Date: 6 September 2022



**Consolidated statement of financial activities** Year to 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
<b>Income and expenditure</b>							
<b>Income from:</b>							
Donations and legacies	1	3,056	1,550	4,606	8,189	1,500	9,689
Sponsorship income	2	5,000	—	5,000	15,200	—	15,200
Investments	3	41	—	41	1,072	—	1,072
Charitable activities	4						
. Subscriptions		141,266	—	141,266	165,845	—	165,845
. Exhibitions		292,091	—	292,091	228,230	—	228,230
. Commissions		493,567	—	493,567	346,289	—	346,289
. Non Society exhibitions		289,249	—	289,249	114,736	—	114,736
Other income	5	152,455	—	152,455	245,214	—	245,214
<b>Total income</b>		<b>1,376,727</b>	<b>1,550</b>	<b>1,378,277</b>	<b>1,124,775</b>	<b>1,500</b>	<b>1,126,275</b>
<b>Expenditure on:</b>							
Raising funds	6	4,824	—	4,824	4,658	—	4,658
Charitable activities	7	1,465,494	1,550	1,467,044	1,458,730	2,037	1,460,767
<b>Total expenditure</b>		<b>1,470,318</b>	<b>1,550</b>	<b>1,471,868</b>	<b>1,463,388</b>	<b>2,037</b>	<b>1,465,425</b>
<b>Net expenditure before impairment</b>		<b>(93,591)</b>	<b>—</b>	<b>(93,591)</b>	<b>(338,613)</b>	<b>(537)</b>	<b>(339,150)</b>
Impairment	13	—	—	—	(126,743)	—	(126,743)
<b>Net expenditure and net movement in funds for the year</b>	9	<b>(93,591)</b>	<b>—</b>	<b>(93,591)</b>	<b>(465,356)</b>	<b>(537)</b>	<b>(465,893)</b>
<b>Reconciliation of funds:</b>							
Balances brought forward at 1 January 2021		860,593	25,409	886,002	1,325,949	25,946	1,351,895
<b>Balances carried forward at 31 December 2021</b>		<b>767,002</b>	<b>25,409</b>	<b>792,411</b>	<b>860,593</b>	<b>25,409</b>	<b>886,002</b>

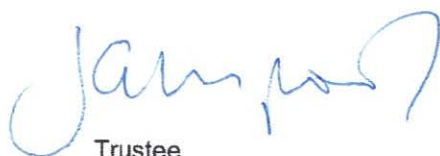
All recognised gains and losses are included in the above consolidated statement of financial activities.

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

**Balance sheets 31 December 2021**

	Notes	Consolidated		Federation	
		2021 £	2020 £	2021 £	2020 £
<b>Fixed assets</b>					
Tangible assets	13	421,333	441,192	421,333	441,192
Investments	14	—	—	2	2
		<b>421,333</b>	441,192	<b>421,335</b>	441,194
<b>Current assets</b>					
Debtors	15	93,609	66,630	291,976	270,802
Stock		8,487	13,477	—	—
Cash at bank and in hand		565,373	697,323	368,174	475,706
		<b>667,469</b>	777,430	<b>660,151</b>	746,508
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	16	(296,392)	(332,620)	(289,077)	(301,702)
<b>Net current assets</b>		<b>371,078</b>	444,810	<b>371,074</b>	444,806
<b>Total net assets</b>		<b>792,411</b>	886,002	<b>792,409</b>	886,000
<b>The funds of the group/charity:</b>					
Restricted funds	17	25,409	25,409	25,409	25,409
Unrestricted funds					
. Designated funds	18	501,333	521,192	501,333	521,192
. General fund		265,669	339,401	265,667	339,399
		<b>792,411</b>	886,002	<b>792,409</b>	886,000

Approved by the Board  
and signed on its behalf by:



Trustee

Approved on: 28 June 2022

Company Registration Number  
683275 (England and Wales)

Jonathan Glasspool  
Chairman

## Consolidated statement of cash flows 31 December 2021

	Notes	2021 £	2020 £
<b>Cash flow from operating activities:</b>			
Net cash (used in) provided by operating activities	A	<b>(81,536)</b>	(282,192)
<b>Cash outflow from investing activities:</b>			
Dividends and interest from investments		41	1,072
Purchase of tangible fixed assets		<b>(50,455)</b>	(25,952)
Proceeds from the disposal of fixed assets		—	—
<b>Net cash used in investing activities</b>		<b>(50,414)</b>	(24,880)
<b>Change in cash and cash equivalents in the year</b>		<b>(131,950)</b>	(307,072)
<b>Cash and cash equivalents at 1 January 2021</b>	B	<b>697,323</b>	1,004,395
<b>Cash and cash equivalents at 31 December 2021</b>	B	<b>565,373</b>	697,323

Notes to the statement of cash flows for the year to 31 December 2021.

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

	2021 £	2020 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(93,591)</b>	(339,150)
<b>Adjustments for:</b>		
Depreciation charge	70,314	74,260
Dividends and interest from investments	(41)	(1,072)
(Increase) decrease in stocks	4,990	(1,962)
Decrease (increase) in debtors	(26,979)	187,498
(Decrease) increase in creditors	(36,228)	(201,766)
<b>Net cash (used in) provided by operating activities</b>	<b>(81,536)</b>	(282,192)

### B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	565,373	697,323
<b>Total cash and cash equivalents</b>	<b>565,373</b>	697,323

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 2021.

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

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

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

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

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

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

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

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

### **Assessment of going concern**

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

**Assessment of going concern** (continued)

Covid-19 has had a noticeable impact on the charity's finances in the year to 31 December 2021 and this impact along with the cost of living crises are also impacting 2022. The general reserves have taken a substantial hit and will need to be reinstated in the following years. In terms of income, the impact has been felt most keenly through the cancellation and deferment of gallery hires for exhibitions or one off events. During 2021, we have reviewed the Government guidelines and have operated the gallery very mindful of employee and public safety. Expenditure has also been impacted by Covid-19, as activity has been lower, running and exhibition costs have also been lower. The Government job retention scheme has assisted in offsetting costs in relation to furloughed staff and we have also benefitted from Government grants to support local galleries. Rent and rates holidays and other premises costs savings have had a positive impact on running costs.

Free reserves at the 31 December stood at £265,669 (2020 - £339,401). This level of reserves is below the three month requirement stipulated by the trustees of £370,000 based on 2021 accounts. As the free reserves have fallen below this level as a result of the pandemic, the charity plans to build back to a level that the trustees believe will secure the future of the Federation in its 5 year plan. A latest estimate and cash flow has been drawn up for 2022 and 2023 based on a more normal year in 2022, with continued strong sales on-line to support our sales in the gallery. We assume that gallery hirers for exhibitions will come back to close to 2019 levels.

The trustees have reviewed and approved this and concluded, in the light of our current bank balance, that the charity will be able to continue to operate in the exceptional circumstances created post the pandemic. The trustees recognise, however, that if sales are further impacted by the cost of living crises and gallery hires are slow to return, this may result in the charity having to take further action to ensure its ability to continue as a going concern. Having reviewed the available evidence, the trustees have concluded that it is appropriate for the group and charity to continue to prepare its accounts on the going concern basis.

**Basis of consolidation**

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

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

**Income recognition**

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

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

**Income recognition** (continued)

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.

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.
- ◆ 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

**Stock**

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

**Debtors**

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

**Cash at bank and in hand**

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

**Creditors and provisions**

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

**Fund accounting**

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

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

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

**Leased assets**

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

**Pension contributions**

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



# 1 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
Patrons	—	1,550	1,550	—	1,500	1,500
Trusts and foundations	3,056	—	3,056	8,189	—	8,189
<b>Total funds</b>	<b>3,056</b>	<b>1,550</b>	<b>4,606</b>	<b>8,189</b>	<b>1,500</b>	<b>9,689</b>

# 2 Income from sponsorship

	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
Sponsorship income	5,000	—	5,000	15,200	—	15,200
<b>Total funds</b>	<b>5,000</b>	<b>—</b>	<b>5,000</b>	<b>15,200</b>	<b>—</b>	<b>15,200</b>

# 3 Income from investments

	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
Bank interest receivable	41	—	41	1,072	—	1,072
<b>Total funds</b>	<b>41</b>	<b>—</b>	<b>41</b>	<b>1,072</b>	<b>—</b>	<b>1,072</b>

# 4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
Subscriptions						
. Members	89,075	—	89,075	113,739	—	113,739
. Friends and Patrons	52,191	—	52,191	52,106	—	52,106
	<b>141,266</b>	<b>—</b>	<b>141,266</b>	<b>165,845</b>	<b>—</b>	<b>165,845</b>
Exhibitions	292,091	—	292,091	228,230	—	228,230
Commissions	493,567	—	493,567	346,289	—	346,289
Non society exhibitions	289,249	—	289,249	114,736	—	114,736
<b>Total funds</b>	<b>1,216,174</b>	<b>—</b>	<b>1,216,174</b>	<b>855,100</b>	<b>—</b>	<b>855,100</b>

## 5 Other income

	Unrestricted funds £	Restricted Funds £	2021 Total funds £	Unrestricted funds £	Restricted Funds £	2020 Total funds £
Sale of books and materials	10,886	—	10,886	18,703	—	18,703
Catering receipts	—	—	—	2,402	—	2,402
CJRS grant	82,206	—	82,206	147,026	—	147,026
Miscellaneous income	59,363	—	59,363	77,083	—	77,083
<b>Total funds</b>	<b>152,455</b>	<b>—</b>	<b>152,455</b>	<b>245,214</b>	<b>—</b>	<b>245,214</b>

## 6 Expenditure on raising funds

	Unrestricted funds £	Restricted Funds £	2021 Total funds £	Unrestricted funds £	Restricted Funds £	2020 Total funds £
Cost of raising funds	4,824	—	4,824	4,658	—	4,658
<b>Total funds</b>	<b>4,824</b>	<b>—</b>	<b>4,824</b>	<b>4,658</b>	<b>—</b>	<b>4,658</b>

## 7 Expenditure on charitable activities

	Unrestricted funds £	Restricted Funds £	2021 Total funds £	Unrestricted funds £	Restricted Funds £	2020 Total funds £
Membership costs	52,656	—	52,656	36,238	—	36,238
Exhibitions by Member Societies	459,673	—	459,673	586,336	—	586,336
Commissioned work	534,711	—	534,711	317,860	—	317,860
Non-Society exhibitions	405,530	—	405,530	473,839	—	473,839
Education	12,925	1,550	14,475	44,457	2,037	46,494
<b>Total funds</b>	<b>1,465,494</b>	<b>1,550</b>	<b>1,467,044</b>	<b>1,458,730</b>	<b>2,037</b>	<b>1,460,767</b>

In 2020 as a result of the Coronavirus pandemic, the ratio of staff time spent across different activities was non-comparable to previous years and therefore the allocation and apportionment of expenditure had been based on the ratio of staff time for 2019. The allocation of expenditure was adjusted in 2021 to reflect the activity and income in 2021.

## 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 £	2021 Total funds £
Premises	—	69,388	117,273	68,724	—	255,385
Depreciation	703	18,401	32,288	18,922	—	70,314
IT/Software & IT enhancements	463	12,115	20,160	12,458	1,098	46,295
Governance costs (see below)	1,125	18,032	26,381	23,366	—	68,904
	<b>2,291</b>	<b>117,937</b>	<b>196,103</b>	<b>123,469</b>	<b>1,098</b>	<b>440,898</b>

## 8 Support costs (continued)

	Membership costs £	Exhibitions by member societies £	Commissioned work £	Non Society exhibitions £	Education £	2020 Total funds £
Premises	—	75,113	36,541	75,113	16,241	203,008
Depreciation	92	17,176	15,381	18,137	23,474	74,260
Governance costs (see below)	3,053	9,931	10,414	14,791	—	38,189
	<b>3,145</b>	<b>102,220</b>	<b>62,336</b>	<b>108,041</b>	<b>39,715</b>	<b>315,457</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:

	<b>2021 Total funds £</b>	2020 Total funds £
Auditor's remuneration	<b>18,375</b>	17,965
Legal and professional	<b>48,236</b>	17,791
Other governance costs	<b>2,293</b>	2,433
	<b>68,904</b>	<b>38,189</b>

## 9 Net expenditure for the year

This is stated after charging:

	<b>2021 Total funds £</b>	2020 Total funds £
Staff costs (note 10)	<b>831,509</b>	856,713
Auditor's remuneration (consolidated)		
- Audit fees: current year	<b>17,125</b>	16,700
- Other services: current year	<b>1,250</b>	2,410
Depreciation of tangible fixed assets	<b>70,314</b>	74,260
Operating lease rentals – buildings	<b>107,964</b>	46,270

During the year the charity received a rent concession from Crown Estate totalling £15,423 (2020: £77,117).

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

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	748,458	770,357
Social security costs	66,572	69,400
Pension costs	16,479	16,956
	<b>831,509</b>	<b>856,713</b>
Staff costs per function were as follows:		
Subscriptions	49,714	25,708
Exhibitions	288,193	347,802
Commissions	247,467	207,523
Gallery & Evening Event hire	233,209	272,229
Education	12,925	3,451
	<b>831,509</b>	<b>856,713</b>

Staff costs are ordinarily allocated based on staff time spent on different activities and fundraising. In 2020 as a result of the Coronavirus pandemic, the ratio of staff time spent across different activities was non-comparable to previous years and therefore the allocation and apportionment of expenditure had been based on the ratio of staff time for 2019. The allocation of expenditure was adjusted in 2021 to reflect the activity and income in 2021.

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

	Average headcount		Full time equivalent	
	2021	2020	2021	2020
Subscriptions	2	1	1.38	0.66
Exhibitions	11	14	7.97	8.93
Commissions	9	8	6.85	5.33
Gallery & Evening Event hire	9	10	6.45	6.99
Education	0	—	0.36	0.09
	<b>31</b>	<b>33</b>	<b>23.00</b>	<b>22.00</b>

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

	2021	2020
£60,000 - £70,000	1	—
£70,000 - £80,000	—	1
£80,000 - £90,000	1	—

£4,080 (2020 - £3,961) pension contributions were made on behalf of these member of staff in 2021.

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 £241,454 (2020 - £242,348).

###### 10 Staff costs, remuneration of key management personnel and Trustees' remuneration (continued)

No Trustee received any remuneration for services as a member of the Board during the period (2020 - £nil). Travel and printing expenses amounting to £nil were reimbursed to no Trustees (2020 - £nil).

###### 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 2021 are shown below:

	31 December 2021 £	31 December 2020 £
<b>Profit and loss account</b>		
Turnover	83,308	91,730
Cost of sales	(12,692)	(20,286)
Gross profit	70,616	71,444
Administrative expenses	(27,383)	(34,458)
Net profit	43,233	36,986
Amount to be distributed to the Federation under Gift Aid	(43,233)	(36,986)
Retained in subsidiary	—	—

The £2 issued share capital equalled the net assets of the company as at 31 December 2021.

###### 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 2021	1,078,308	76,003	84,477	1,238,788
Additions	27,075	18,971	4,409	50,455
At 31 December 2021	1,105,383	94,974	88,886	1,289,243
<b>Depreciation</b>				
At 1 January 2021	661,139	64,721	71,736	797,596
Charge for the year	55,559	6,958	7,797	70,314
At 31 December 2021	716,698	71,679	79,533	867,910
<b>Net book values</b>				
At 31 December 2021	388,686	23,295	9,352	421,333
At 31 December 2020	417,169	11,282	12,741	441,192

#### 14 Investments

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

#### 15 Debtors

	Consolidated		Federation	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	53,543	45,360	44,662	41,173
Amounts due from subsidiary undertaking	—	—	207,332	208,444
Other debtors	25,000	—	25,000	—
Prepayments and accrued income	15,067	21,270	14,982	21,185
	<b>93,609</b>	<b>66,630</b>	<b>291,976</b>	<b>270,802</b>

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

	Consolidated		Federation	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	62,019	61,278	61,564	45,633
Social security and other taxes	58,347	119,334	56,910	111,278
Deposits and fees received in advance	128,356	84,609	128,256	82,609
Other creditors and accruals	47,670	67,399	42,345	62,179
	<b>296,392</b>	<b>332,620</b>	<b>289,075</b>	<b>301,699</b>

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

	2021 £	2020 £
Deferred income brought forward	84,609	177,340
Additional income deferred during the year	103,056	28,134
Brought forward funds released in the year	(59,309)	(120,865)
Deferred income carried forward at 31 December 2020	<b>128,356</b>	<b>84,609</b>

#### 17 Restricted fund

	At 1 January 2021 £	Income £	Expenditure £	Transfers £	At 31 December 2021 £
Federation and Group					
Education fund	25,409	1,550	(1,550)	—	25,409
	<b>25,409</b>	<b>1,550</b>	<b>(1,550)</b>	<b>—</b>	<b>25,409</b>

	At 1 January 2020 £	Income £	Expenditure £	Transfers £	At 31 December 2020 £
Federation and Group					
Education fund	25,946	1,500	(2,037)	—	25,409
	<b>25,946</b>	<b>1,500</b>	<b>(2,037)</b>	<b>—</b>	<b>25,409</b>

# **17 Restricted fund (continued)**

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

# **18 Designated funds**

	At 1 January 2021 £	New Designations £	Utilised/ Released £	At 31 December 2021 £
Federation and Group				
Premises maintenance fund	80,000	—	—	80,000
Tangible fixed assets fund	441,192	50,455	(70,314)	421,333
	<b>521,192</b>	<b>50,455</b>	<b>(70,314)</b>	<b>501,333</b>
	At 1 January 2020 £	New Designations £	Utilised/ Released £	At 31 December 2020 £
Federation and Group				
Premises maintenance fund	80,000	—	—	80,000
Tangible fixed assets fund	616,243	25,952	(201,003)	441,192
	<b>696,243</b>	<b>25,952</b>	<b>(201,003)</b>	<b>521,192</b>

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 2021 £
<b>Fund balances at 31 December 2021 are represented by:</b>				
Fixed assets	—	421,333	—	421,333
Current assets	562,060	80,000	25,409	667,469
Creditors: amounts falling due within one year	(296,392)	—	—	(296,392)
<b>Total net assets</b>	<b>265,669</b>	<b>501,333</b>	<b>25,409</b>	<b>792,411</b>
Group	General Fund £	Designated Funds £	Restricted Funds £	Total 2020 £
<b>Fund balances at 31 December 2020 are represented by:</b>				
Fixed assets	—	441,192	—	441,192
Current assets	672,021	80,000	25,409	777,430
Creditors: amounts falling due within one year	(332,620)	—	—	(332,620)
<b>Total net assets</b>	<b>339,401</b>	<b>521,192</b>	<b>25,409</b>	<b>886,002</b>

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

	General Fund £	Designated Funds £	Restricted Funds £	Total 2021 £
Federation				
<b>Fund balances at 31 December 2021 are represented by:</b>				
Fixed assets	2	421,333	—	421,335
Current assets	554,742	80,000	25,409	660,151
Creditors: amounts falling due within one year	(289,077)	—	—	(289,077)
<b>Total net assets</b>	<b>265,667</b>	<b>501,333</b>	<b>25,409</b>	<b>792,409</b>
	General Fund £	Designated Funds £	Restricted Funds £	Total 2020 £
Federation				
<b>Fund balances at 31 December 2020 are represented by:</b>				
Fixed assets	2	441,192	—	441,194
Current assets	641,099	80,000	25,409	746,508
Creditors: amounts falling due within one year	(301,702)	—	—	(301,702)
<b>Total net assets</b>	<b>339,399</b>	<b>521,192</b>	<b>25,409</b>	<b>886,000</b>

## 20 Leasing commitments

At 31 December 2021 the Federation had future minimum commitments under operating leases on land and buildings as follows:

	2021 £	2020 £
Payments which fall due:		
Within one year	123,387	123,387
Within two to five years	493,548	493,548
After five years	472,983	596,370
	<b>1,089,918</b>	<b>1,213,305</b>

## 21 Capital commitments

At 31 December 2021, the charity had capital commitments of £nil (2020 - £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 £17,545 (2020 - £21,323) 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 2021, an amount of £nil (2020 - £nil) was due from 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 2021 or 2020.

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.