

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

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

31 December 2022

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

Charity Registration Number
200048

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Legal and administrative information

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
Max Angus SWLA (appointed 11th October 2022)
Tessa Coleman NEAC
Mick Davies RBA
Eela Devani
Jonathan French
Jonathan Glasspool (Chairman)
David Glazebrook
Robin Hazlewood RI
Martin Howarth HH
Geoffrey Huband RSMA (resigned 11th October 2022)
Nicholas Pollard SWLA (resigned 11th October 2022)
Richard Rees PS
Carolyn Simpson RSMA (appointed 11th October 2022)

Executive Team

Clare O'Brien (CEO)
Amy Huntington (Head of Exhibitions and Events, resigned 17th June 2022)
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

This is my last foreword as Chairman of the FBA as I will be stepping down after the maximum two terms of office in October 2023. At the time of writing recruitment is underway to appoint my successor.

2022 proved to be a more challenging year than we originally anticipated as full recovery post-pandemic has taken longer. Our key business areas did not return as quickly as presumed; in 2022 art sales dropped due to the cost-of-living crisis and not all our visitors had the confidence to resume visits to London. I am therefore pleased to write that the tide seems to be turning in the first half of 2023: there is an upward trend in all areas of the charity, art sales are more buoyant, visitor numbers are much higher and there is more interest and bookings for gallery hire and evening events from past and also new customers.

Many artists remain keen to be considered for selection in our art society exhibitions. The number of submissions continue to rise, supported by online videos by the presidents and members, and more targeted social media campaigns. I wish every artist who submits to an exhibition the very best of luck: the number of submissions mean our societies' selectors have to be highly selective. It is therefore a real achievement to exhibit at the Mall Galleries.

The presidents of the nine art societies which form the Federation have been most supportive during my chairmanship not least in the last few more difficult years, I would like to thank them for their continued efforts to ensure relevance for their art society and for figurative art.

The FBA is making substantial investment in improving its online offering. Equally, we aim to improve the exhibition management service in the spacious and well-appointed Mall Galleries, I am confident that the organisation has a resilient and relevant future. I wish my successor the very best for a flourishing of figurative art.

I would also like to extend a special thanks to the FBA Board for helping me to navigate through these last few unexpected and difficult years, to Clare O'Brien for exemplary leadership of the team during Covid, and our staff for their resilience and never-ending enthusiasm.

Lastly, my thanks to all the artists who have exhibited at the Mall Galleries over the past 7 years I've been lucky enough to be associated with the FBA. The quality of your work provides great joy and inspiration to so many people.



Jonathan Glasspool
Chairman

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 2022. 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 27 to 31 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 and 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; since Covid-19 both of these committees work have been managed by the Executive team.

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 and the impact of the cost of living crisis

The combined impacts of Covid-19 and in 2022, the high inflation rate has had a significant impact on the business, 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 galleries activities in 2022 and our actions to mitigate the risk:

Structure, Governance and Management (continued)

Risk management (continued)

- ◆ Galleries were open throughout 2022.
- ◆ Exhibitions were scheduled in each quarter and works of art placed online for sale.
- ◆ Deferment from previous years scheduled into 2022 and 2023.
- ◆ Visitor numbers are still reduced but are now growing as new audiences are targeted.

Mitigation:

- ◆ Improvement of digital platform for sales and increased marketing activity digitally, to attract a wider market of buyers.
- ◆ Staging physical exhibitions with a strong online offering.
- ◆ Gallery and Evening Events hirers – the hire package was reviewed and relaunched in 2022.
- ◆ New business to business activity (Art Advisory) was launched.
- ◆ Signed with a new café and catering provider (Cooks & Partners).
- ◆ Receipt of Government grants in line with local gallery support.
- ◆ Expenditure savings:
 - ◇ staffing;
 - ◇ business rate reduction; and
 - ◇ reduced 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 require frequent vigilance.

The unusable parts of the Learning Centre have been closed and were impaired in the 2020 accounts.

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 galleries 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. This is even more in focus given the impact of Covid 19.

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.

A simpler vision and mission was drawn up in 2022:

Vision:

Leader in contemporary figurative art, led by artists, for all.

Mission:

Mall Galleries empowers artists through a busy programme of exhibitions and events, prizes and awards, with a focus on figurative art.

Managed by the Federation of British Artists, a visual arts charity founded in 1961, Mall Galleries offers learning and engagement opportunities for everyone

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 artist submissions to exhibitions, commissions on art sales, gallery rental, Friends, patrons, donations and sponsorship, and artist membership fees. We receive no regular government funding, other than Covid-19 support.

Review of Achievements and Performance

Exhibitions – a summary

A total of **27** exhibitions were hosted in 2022 between February and December:

x26 physically staged at Mall Galleries

These included:

x8 Federation of British Artists, Society Annual Exhibitions

x2 FBA Initiatives.

Gallery Hire: x17

x4 Art Fair and Auction Showcase

x1 Art Prize

x2 Solo Exhibitions

x7 Group Exhibitions

x1 International Group Exhibition

x2 Product launch and filming

Full list of Exhibitions staged in 2022:

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 -

- FBA-Award Winning Artists
- *Re-Configured*

Art Fair and Auction Showcase

- *Modern Made*; Lyon and Turnbull - Spring and Winter
- Tribal Art Fair
- Connect Art Fair

Review of Achievements and Performance (continued)

Full list of Exhibitions staged in 2022: (continued)

Solo Exhibitions

- Hannah Shergold
- Whiskey Point (Mrs Zhang)

Art Prize

- ING *Discerning Eye*

International Groups

- Minerva

Group Exhibitions

- Wapping Group
- Society of Scribes
- Bath Spa Graduates
- Society of Graphic Artists
- Botanicals Artists
- Society of Women Artists
- Art for Youth

Artworks

Federation of British Artists (FBA) exhibition highlights:

- In total for the year, over 6,000 works of art were exhibited, 2,612 being in FBA exhibitions.
- 14,200 works of art were submitted for selection to an exhibition.
- To celebrate the FBA's 60 years, Award Winning Artists was launched to UK figurative artists. The Award Winners judging panel selected from over 100 artists and 155 works.
- Over £100,000 was awarded in prizes.
- 50 portraits were commissioned.
- Two examples of gallery hire:
 - 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.
 - Minerva, a group exhibition of 230 distinguished Japanese artists presented works of contemporary Japanese painting, Western painting, carvings and sculptures, craft, calligraphy and photography.

Visitors to the Galleries and online digital engagement

- ◆ Instagram 45,600 > 53,988 = 18.4% increase
- ◆ Twitter 15,100 > 15,845 = 5% increase
- ◆ Facebook 24,800 > 26,381 = 6.4% increase
- ◆ Gallery Visitors: over 34,000 > 20,000 = 70% increase

Website:

- ◆ Users 595,318 > 539,407 = -9.4% decrease
- ◆ Sessions 969,195 > 836,819 = -13.6% decrease
- ◆ Page Views 2,651,118 > 2,440,884 = -7.9% decrease

Our Website is being upgraded in 2023 and we should see more positive results come through in 2023.

Education and Learning

A lively programme of talks and demonstrations were staged throughout the year including a recreation of life in the artist studio during the Pastel Society's exhibition.

Supporters

We are very grateful to Mall Galleries Friends for their invaluable support.

Developing our Resources

Improvements to the infrastructure continue to be paramount.

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 2023.

We also enhanced our processes supporting our portrait commission activity.

The online submission platform for artists has had a revision, this new iteration will both benefit the artist and the selection panel with simpler online processes.

Future Plans

In 2023, our aims are to recover revenue to pre-pandemic levels by:

- ◆ ensuring a full year of gallery hire and corporate evening events.
- ◆ increasing submissions of art through an active online digital campaign to artists.

Future Plans (continued)

- ◆ growing art sales through the corporate art consultancy, portrait commission and exhibition sales by effective marketing, good presentation and a lively online presence whilst developing a new e-commerce website.
- ◆ 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 2022 of £250,637 compared to a loss in 2021 of £93,591. These results include our share of the cost of the quinquennial works (repair and painting of the exterior of the building) of £89,871 which happens every 5 years.

Total income of £1,339,497 was £38,780 lower than in 2021 (£1,378,277). The galleries were open through-out the year, which was an improvement from the disrupted previous year. Income from Gallery and Evening Event hire was higher by £144,197 driven by having a full 12 months cycle for the first time since 2019. Commissions for society art sales were lower than the previous year, society art sales in the galleries and on-line were impacted by the cost of living crisis and the fact that disposable income was channelled away from buying art, a decrease of £118,424. Portrait commission income was lower by £18,424 coming from a very high year in 2021 as artists and clients were able to once again run physical sittings needed to complete their work. Our Membership income increased by £16,267, as in 2021 our Hesketh Hubbard members were only able to access classes for 6 months. Furlough income from the Government scheme generated £82,206 in 2021 and this income was not received in 2022 as the scheme had closed.

Our income from charitable activities were lower by £38,366, impacted by lower overall commissions, mainly from Society shows and Portrait commission and the closure of the furlough scheme. These losses were partially offset by higher Gallery Hire and Evening Event income as the galleries was open for rental all year round.

Overall expenditure was higher by £118,265 versus £1,471,868 in 2021. We have to report the cost of the Quinquennial works in 2022 as it happened for the first time in seven years, £89,871. We also had no rent holiday in 2022 from the Landlord as we were open for the full cycle £15,423, we got a credit in our service charge in 2021 which did not happen in 2022 £25,878. These increases were partially offset by having lower staff costs as some efficiencies were found. Charitable activities which makes up the majority of the expenditure followed the above explanations.

Salaries formed 51% of our total costs and were lower than in 2021 which was 56%. We appreciate the staff are the most valued asset of the organisation without which we cannot operate.

Our overall cash position of £396,599 at the end of December 2022 shows a reduction of £168,774 driven by the impact of Covid-19 on our Exhibition and Events hires, however the

Results for the year (continued)

FBA is still in a good cash position which will give the Federation resilience in the face of ongoing impacts in 2023, post pandemic and the cost of living crisis.

Sources of Income and Expenditure



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.

Investment Policy

No investments were held by the Federation as at 31 December 2022. 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 £253 (2021 - £41). Interest rates on cash deposits continue to be very low.

Reserves Policy and Going concern

The balance sheet shows total reserves of £541,775 (2021 - £792,411) consisting of restricted funds of £25,409 (2021 - £25,409) designated funds of £376,179 (2021 - £501,333) and free reserves of £140,187 (2021 - £265,669).

In the restricted education fund, income included £500 of donations from Patrons. Resources expended on educational programmes during the year amounted to £500. 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. The planned work did not happen in 2020, however it did take place in 2022 where we used the brought forward fund of £80,000. We will begin a new premises maintenance fund from 2023 and plan to have at least £100,000 by 2027 when the next repairs are planned to happen.

Reserves Policy and Going Concern (continue)

New designations of £17,579 were made to the fixed assets designated fund to provide new IT and office equipment and upgrades of the lighting and wiring. We also made a disposal of old

IT equipment of £13,315. The opening balance of £421,333 at 1 January 2022, the new designations of £17,579, minus the disposals of £13,315 less the released amount of £49,418 depreciation leaves a balance carried forward as at 31 December 2022 of £376,179. 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 £140,187 (2021 - £265,669).

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 £397,000 at 2022 levels.

Due to the Covid-19 situation and the cost of living crisis our free reserves have taken a substantial hit over the last 3 years. However we are seeing more positive trends and our gallery hire and evening event business have come back to 2019 levels. We will remain vigilant to the external environment and 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. 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.

The Charity's Assets

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

The Board's Statement of Responsibilities

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

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;

The Board's Statement of Responsibilities (continued)

- ♦ 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.

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: **27 June 2023**



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 2022 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 2022 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. 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: 18 August 2023

Consolidated statement of financial activities Year to 31 December 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income and expenditure							
Income from:							
Donations and legacies	1	2,480	500	2,980	3,056	1,550	4,606
Sponsorship income	2	6,000	—	6,000	5,000	—	5,000
Investments	3	253	—	253	41	—	41
Charitable activities							
. Subscriptions	4	158,262	—	158,262	141,266	—	141,266
. Exhibitions		282,301	—	282,301	292,091	—	292,091
. Commissions		410,346	—	410,346	493,567	—	493,567
. Gallery & Event Hire		433,446	—	433,446	289,249	—	289,249
Other income	5	45,908	—	45,908	152,455	—	152,455
Total income		1,338,996	500	1,339,496	1,376,727	1,550	1,378,277
Expenditure on:							
Raising funds	6	4,808	—	4,808	4,824	—	4,824
Charitable activities	7	1,584,824	500	1,585,324	1,465,494	1,550	1,467,044
Total expenditure		1,589,632	500	1,590,132	1,470,318	1,550	1,471,868
Net expenditure	9	(250,636)	—	(250,636)	(93,591)	—	(93,591)
Net expenditure and net movement in funds for the year		(250,636)	—	(250,636)	(93,591)	—	(93,591)
Reconciliation of funds:							
Balances brought forward at 1 January 2022		767,002	25,409	792,411	860,593	25,409	886,002
Balances carried forward at 31 December 2022		516,366	25,409	541,775	767,002	25,409	792,411

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 2022

	Notes	Consolidated		Federation	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Tangible assets	13	376,179	421,333	376,179	421,333
Investments	14	—	—	2	2
		376,179	421,333	376,181	421,335
Current assets					
Debtors	15	228,286	93,609	380,809	291,976
Stock		4,463	8,487	---	—
Cash at bank and in hand		396,599	565,373	238,698	368,174
		629,348	667,469	619,507	660,151
Liabilities:					
Creditors: amounts falling due within one year	16	(425,938)	(296,392)	(416,101)	(289,077)
Net current assets		203,410	371,078	203,406	371,074
Total assets less current liabilities		579,589	792,411	579,587	792,409
Creditors: amounts due after more than one year	16	(37,814)	—	(37,814)	—
Total net assets		541,775	792,411	541,773	792,409
The funds of the group/charity:					
Restricted funds	17	25,409	25,409	25,409	25,409
Unrestricted funds					
. Designated funds	18	376,179	501,333	376,179	501,333
. General fund		140,187	265,669	140,185	265,667
		541,775	792,411	541,773	792,409

Approved by the Board
and signed on its behalf by:



Trustee

Approved on: **27 June 2023**

Company Registration Number
683275 (England and Wales)

Jonathan Glasspool

Chairman

Consolidated statement of cash flows 31 December 2022

	Notes	2022 £	2021 £
Cash flow from operating activities:			
Net cash (used in) provided by operating activities	A	(151,538)	(81,536)
Cash outflow from investing activities:			
Dividends and interest from investments		253	41
Purchase of tangible fixed assets		(17,579)	(50,455)
Proceeds from the disposal of fixed assets		90	—
Net cash used in investing activities		(17,236)	(50,414)
Change in cash and cash equivalents in the year		(168,774)	(131,950)
Cash and cash equivalents at 1 January 2022	B	565,373	697,323
Cash and cash equivalents at 31 December 2022	B	396,599	565,373

Notes to the statement of cash flows for the year to 31 December 2022.

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	(250,637)	(93,591)
Adjustments for:		
Depreciation charge	62,645	70,314
Dividends and interest from investments	(253)	(41)
Decrease (increase) in stocks	4,024	4,990
Increase in debtors	(134,677)	(26,979)
Increase (decrease) in creditors	167,360	(36,228)
Net cash (used in) provided by operating activities	(151,538)	(81,536)

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	396,599	565,373
Total cash and cash equivalents	396,599	565,373

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 2022.

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 FRS 102 SORP 2015'), 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 for the 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 years to 31 December 2020, 2021 and this impact along with the cost of living crisis has also impacted 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. Expenditure has also been impacted by Covid-19, as activity has been lower, running and exhibition costs have also been lower. During the pandemic years 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. Gallery Hire and Evening Event income made a comeback in 2022 and our latest estimate for 2023 is for it to come back to 2019 levels.

Free reserves at the 31 December stood at £140,187 (2021 - £265,667). This level of reserves is below the three month requirement stipulated by the trustees of £397,000 based on 2022 accounts. As the free reserves have fallen below this level as a result of the pandemic and cost of living crisis, 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 2023 and 2024 based on a more normal year in 2023, with continued strong sales on-line to support our sales in the galleries. The trustees also note that the FBA will also get a new web site by October 2023 and this will allow it to offer a much better all-round service which will boost art sales and Gallery and Event hires for 2024.

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. However we are seeing more positive trends and our gallery hire and evening event business have come back to 2019 levels. We will remain vigilant to the external environment and have created a plan to build our reserves back to a level that the trustees believe will secure the future of the Federation. 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

Income recognition (continued)

amount of income can be measured reliably and it is probable that the income will be received.

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

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

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

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

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

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 recognition (continued)

- ◆ 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 £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Patrons	—	500	500	—	1,550	1,550
Trusts and foundations	2,480	—	2,480	3,056	—	3,056
Total funds	2,480	500	2,980	3,056	1,550	4,606

2 Income from sponsorship

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Sponsorship income	6,000	—	6,000	5,000	—	5,000
Total funds	6,000	—	6,000	5,000	—	5,000

3 Income from investments

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Bank interest receivable	253	—	253	41	—	41
Total funds	253	—	253	41	—	41

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Subscriptions						
. Members	105,342	—	105,342	89,075	—	89,075
. Friends and Patrons	52,920	—	52,920	52,191	—	52,191
	158,262	—	158,262	141,266	—	141,266
Exhibitions	282,301	—	282,301	292,091	—	292,091
Commissions	410,346	—	410,346	493,567	—	493,567
Gallery & Event Hire	433,446	—	433,446	289,249	—	289,249
Total funds	1,284,356	—	1,284,356	1,216,174	—	1,216,174

5 Other income

	Unrestricted funds £	Restricted Funds £	2022 Total funds £	Unrestricted funds £	Restricted Funds £	2021 Total funds £
Sale of books and materials	14,625	—	14,625	10,886	—	10,886
Catering receipts	—	—	—	—	—	—
CJRS grant	—	—	—	82,206	—	82,206
Miscellaneous income	31,284	—	31,284	59,363	—	59,363
Total funds	45,908	—	45,908	152,455	—	152,455

6 Expenditure on raising funds

	Unrestricted funds £	Restricted Funds £	2022 Total funds £	Unrestricted funds £	Restricted Funds £	2021 Total funds £
Cost of raising funds	4,808	—	4,808	4,824	—	4,824
Total funds	4,808	—	4,808	4,824	—	4,824

7 Expenditure on charitable activities

	Unrestricted funds £	Restricted Funds £	2022 Total funds £	Unrestricted funds £	Restricted Funds £	2021 Total funds £
Membership costs	43,545	—	43,545	52,656	—	52,656
Exhibitions by Member Societies	436,095	—	436,095	459,673	—	459,673
Commissioned work	553,940	—	553,940	534,711	—	534,711
Gallery & Event Hire	510,652	—	510,652	405,530	—	405,530
Education	40,592	500	41,092	12,925	1,550	14,475
Total funds	1,584,824	500	1,585,324	1,465,494	1,550	1,467,044

8 Support costs

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

	Membership costs £	Exhibitions by member societies £	Commissioned work £	Gallery & Event Hire £	Education £	2022 Total funds £
Premises	—	98,640	143,380	151,452	—	393,472
Depreciation	627	15,099	22,860	24,146	—	62,732
IT/Software & IT enhancements	430	10,347	15,166	16,547	500	42,990
Governance costs (see below)	1,093	17,013	20,563	32,016	—	70,685
	2,150	141,099	201,969	224,162	500	569,879

8 Support costs (continued)

	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
	<u>2,291</u>	<u>117,937</u>	<u>196,103</u>	<u>123,469</u>	<u>1,098</u>	<u>440,898</u>

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

Included within support costs are governance costs as detailed below:

	2022 Total funds £	2021 Total funds £
Auditor's remuneration	20,570	18,375
Legal and professional	48,084	48,236
Other governance costs	2,032	2,293
	<u>70,686</u>	<u>68,904</u>

9 Net expenditure for the year

This is stated after charging:

	2022 Total funds £	2021 Total funds £
Staff costs (note 10)	811,844	831,509
Auditor's remuneration (consolidated)		
- Audit fees: current year	19,150	17,125
- Other services: current year	1,420	1,250
Depreciation of tangible fixed assets	62,645	70,314
Operating lease rentals – buildings	123,387	107,964

During the year the charity received a rent concession from Crown Estate totalling £nil (2021 - £15,423).

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

	2022 £	2021 £
Staff costs during the year were as follows:		
Wages and salaries	727,750	748,458
Social security costs	68,004	66,572
Pension costs	16,090	16,479
	811,844	831,509
Staff costs per function were as follows:		
Subscriptions	40,592	49,714
Exhibitions	243,553	288,193
Commissions	276,027	247,467
Gallery & Event hire	211,080	233,209
Education	40,592	12,925
	811,844	831,509

Staff costs are ordinarily allocated based on staff time spent on different activities and fundraising.

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

	Average headcount		Full time equivalent	
	2022	2021	2022	2021
Subscriptions	2	2	0.90	1.38
Exhibitions	11	11	5.40	7.97
Commissions	12	9	6.12	6.85
Gallery & Evening Event hire	9	9	4.68	6.45
Education	2	—	0.90	0.36
	36	31	18.00	23.00

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

	2022	2021
£60,000 - £70,000	1	1
£70,000 - £80,000	—	—
£80,000 - £90,000	1	1

£6,009 (2021 - £4,080) pension contributions were made on behalf of these member of staff in 2022.

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 £252,472 (2021 - £241,454).

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 (2021 - £nil). Travel and printing expenses amounting to £nil were reimbursed to no Trustees (2021 - £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 2022 are shown below:

	31 December 2022 £	31 December 2021 £
Profit and loss account		
Turnover	129,435	83,308
Cost of sales	(10,865)	(12,692)
Gross profit	118,570	70,616
Administrative expenses	(35,257)	(27,383)
Net profit	83,313	43,233
Amount to be distributed to the Federation under Gift Aid	(83,313)	(43,233)
Retained in subsidiary	—	—

The £2 issued share capital equalled the net assets of the company as at 31 December 2022.

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

Federation and Group	Leasehold improvements £	Furniture fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2022	1,105,383	94,974	88,886	1,289,243
Additions	9,660	1,974	5,945	17,579
Disposals	—	—	(13,315)	(13,315)
At 31 December 2022	1,115,043	96,948	81,516	1,293,507
Depreciation				
At 1 January 2022	716,698	71,679	79,533	867,910
Charge for the year	49,987	7,353	5,305	62,645
Disposals	—	—	(13,227)	(13,227)
At 31 December 2022	766,685	79,032	71,611	917,328
Net book values				
At 31 December 2022	348,358	17,916	9,905	376,179
At 31 December 2021	388,686	23,295	9,352	421,333

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	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	185,294	53,543	180,643	44,662
Amounts due from subsidiary undertaking	—	—	157,259	207,332
Other debtors	—	25,000	—	25,000
Prepayments and accrued income	42,992	15,067	42,907	14,982
	228,286	93,609	380,809	291,976

16 Creditors: amounts falling due within one year

	Consolidated		Federation	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	83,747	62,019	84,059	61,564
Quinquennial cost to Crown Estate	30,251	—	30,251	—
Social security and other taxes	69,576	58,347	68,746	56,910
Deposits and fees received in advance	200,030	128,356	195,430	128,256
Other creditors and accruals	42,334	47,670	37,615	42,345
	425,938	296,392	416,101	289,075

16 Creditors: amounts falling due within one year (continued)

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

	2022 £	2021 £
Deferred income brought forward	128,356	84,609
Additional income deferred during the year	200,030	103,056
Brought forward funds released in the year	(128,356)	(59,309)
Deferred income carried forward at 31 December 2022	200,030	128,356

Creditors: amounts falling due after more than one year

	Consolidated		Federation	
	2022 £	2021 £	2022 £	2021 £
Quinquennial cost to Crown Estate	37,814	—	37,814	—
	37,814	—	37,814	—

17 Restricted fund

	At 1 January 2022 £	Income £	Expenditure £	Transfers £	At 31 December 2022 £
Federation and Group					
Education fund	25,409	500	(500)	—	25,409
	25,409	500	(500)	—	25,409

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

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

17 Designated funds

	At 1 January 2022 £	New Designations £	Utilised/ Released £	At 31 December 2022 £
Federation and Group				
Premises maintenance fund	80,000	—	(80,000)	—
Tangible fixed assets fund	421,333	17,579	(62,733)	376,179
	501,333	17,579	(142,733)	376,179

	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
	521,192	50,455	(70,314)	501,333

17 Designated funds (continued)

The premises maintenance fund is designated to provide monies for the external painting of the galleries as required at regular intervals by the terms of the lease. We used this fund in 2022 and will build back again from 2023.

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.

18 Analysis of net assets between funds

Group	General Fund £	Designated Funds £	Restricted Funds £	Total 2022 £
Fund balances at 31 December 2022 are represented by:				
Fixed assets	—	376,179	—	376,179
Current assets	603,939	—	25,409	629,348
Creditors: amounts falling due within one year	(425,938)	—	—	(425,938)
Creditors: amounts due after more than one year	(37,814)	—	—	(37,814)
Total net assets	140,187	376,179	25,409	541,775
Group	General Fund £	Designated Funds £	Restricted Funds £	Total 2021 £
Fund balances at 31 December 2021 are represented by:				
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)
Total net assets	265,669	501,333	25,409	792,411
Federation	General Fund £	Designated Funds £	Restricted Funds £	Total 2022 £
Fund balances at 31 December 2022 are represented by:				
Fixed assets	2	376,179	—	376,181
Current assets	594,098	—	25,409	619,507
Creditors: amounts falling due within one year	(416,101)	—	—	(416,101)
Creditors: amounts due after more than one year	(37,814)	—	—	(37,814)
Total net assets	140,185	376,179	25,409	541,773

18 Analysis of net assets between funds (continued)

Federation	General Fund £	Designated Funds £	Restricted Funds £	Total 2021 £
Fund balances at 31 December 2021 are represented by:				
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)
Total net assets	265,667	501,333	25,409	792,409

19 Leasing commitments

At 31 December 2022 the Federation had future minimum commitments under operating leases on land and buildings as follows:

Payments which fall due:	2022 £	2021 £
Within one year	123,387	123,387
Within two to five years	493,548	493,548
After five years	349,596	472,983
	966,531	1,089,918

20 Capital commitments

At 31 December 2022, the charity had capital commitments of £nil (2021 - £nil).

21 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.

22 Related party transactions

The charity received commission and Trustees hire fees totalling £25,444 (2021 - £17,545) 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 2022, an amount of £nil (2021 - £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 2022 or 2021.

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.