

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

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

31 December 2023

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 (resigned 3 October 2023)
Max Angus SWLA
Tessa Coleman NEAC (resigned 3 October 2023)
Mick Davies RBA
Eela Devani
Jane Ellison – Chair (appointed 3 October 2023)
Jonathan French (resigned 3 October 2023)
Jonathan Glasspool - Chairman (resigned 3 October 2023)
David Glazebrook
Robin Hazlewood RI
Martin Howarth HH
Luis Morris ROI (appointed 3 October 2023)
Nicholas Pollard SWLA
Richard Rees PS
Carolyn Simpson RSMA
Benjamin Ward NEAC (appointed 3 October 2023)

Executive Team

Clare O'Brien (CEO)
Eamonn Bambury (Director of Finance and Operations)
Arngunnur Aegisdottir (Director of Sales)

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 first foreword as Chair of the Federation of British Artists. I am honoured to have been elected in October 2023 and I look forward to working with the Board, the FBA team, and all the FBA's artists and member societies to build on the charity's historic legacy and explore new opportunities to support its aims in the future.

My predecessor Jonathan Glasspool successfully guided the organisation through the pandemic whilst modernising systems and ways of working. Under his leadership, 2023 was a strong year of building back after the financial and operational challenges of Covid, with continued focus on replenishing the reserves to put the FBA on a more resilient footing. Much needed work on developing a new website was undertaken. It was also a year of concentration on core creative activities, especially the programme of member society annual exhibitions. In 2023, these featured 3,113 artworks, 1,243 by non-members (40%), and 1,870 by member artists (60%).

There have been many highlights. The Royal Society of British Artists celebrated two hundred years, receiving over four thousand submissions for its Bicentennial exhibition with pieces by young and emerging artists selected alongside works from professional members. Across the year, the FBA attracted 18,500 submissions – a significant increase on 2022, suggesting a continuing desire from artists to be shown through the Art Societies.

The Natural Eye exhibition marked six decades of artistic observation of the natural world by the Society of Wildlife Artists. The Royal Society of Marine Artists exhibition had a special display on the theme of engineless or ultra-low emission sail for cargo. Whereas the Royal Institute of Oil Painters made interpretation of Urban Life a special theme in its exhibition. The Pastel Society reflected on the freedom of the artist in *Pastels without Boundaries* and its daily studio workshops. The Royal Society of Portrait Painters' exhibition included a special display on the theme of 'Clothing', and several works on loan from the Society's permanent collection of People's Portraits at Girton College, Cambridge. These are just some examples of how artists reflect contemporary conversations and themes. Sadly, it was also a year to remember one of the Titans of the New English Art Club and the Royal Society of Portrait Painters, the much loved and admired Tom Coates, a Past President and long-time 'Chief Hanger' at Annual Exhibitions.

Over 100 public events were hosted at Mall Galleries – including talks, meet the artist sessions, workshops, and exhibition tours, all open to the public. And members of the Hesketh Hubbard Society held some forty life drawing classes. Footfall is steadily improving to both the FBA exhibitions and events. And sales of works of art through Society exhibitions, though not buoyant, were broadly in line with expectations across the FBA. Fundraising activities were supplemented by the first online auction ever to be held by the FBA; it raised over £30,000 thanks to the generosity and support of art society members who offered a wonderful collection of works for bidders to choose from.

The FBA's financial recovery was underpinned by increased revenues from a more fulsome return of past and new gallery hirers, and a growing portfolio of corporate evening events. Mall Galleries provides a unique space in central London for other visual arts charities such as the

Chairman's foreword

Society of Women Artists, the Botanical Society, the Society of Graphic Fine Artists, the Discerning Eye and many more who return each year for which we are grateful.

So, the year ended in a healthier position with a surplus for the first time since 2017 and improving reserves. Thanks are owed to The Crown Estate for their generous support, flexibility over our lease, and understanding of our work over the past three years.

We are now able to look further ahead and plan for the future of the FBA in this digital century. The first step on that journey was the launch in January 2024 of the new website (www.mallgalleries.org.uk) which we hope is improved, more versatile, clearer and easier to use. Yet the context in which the FBA is delivering its charitable purposes has changed, with significant shifts in audience behaviours, and an emphasis on digital, driven but not exclusively by younger people. A strategic review is now underway, led by the Board with the Executive team, to include consultations with our many stakeholders, with the aim of developing a three-year plan of ambitions. This will be completed at the end of 2024.

On behalf of all at the FBA and Mall Galleries I would like to thank Jonathan Glasspool for six years of dedication and leadership through some challenging times, and for leaving a strong legacy that we can build on.



Jane Ellison

Chair

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 2023. 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 30 to 34 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.

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 chair.

Structure, Governance and Management (continued)

Appointment of Trustees (continued)

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 CEO 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 Director of Sales support the CEO.

While still retaining final responsibility, the Board delegates oversight of certain important areas of governance to 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. A new ad hoc committee has been established, the Strategy Review Committee whose purpose is to assist the executive with strategic planning. Two other committees with delegated oversight are dormant at present, The Exhibitions Committee and the Education Committee. Since Covid-19 the work of these committees has been managed by the Executive team. The new strategic plan will identify which areas of governance will benefit from additional oversight and input from the FBA Board.

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 and, recruitment.

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.

Structure, Governance and Management (continued)

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 caused by Covid-19 and the impact of the cost of living crisis

The combined impacts of Covid-19 and in 2022 and 2023, 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 2023 and our actions to mitigate the risk:

- ◆ Galleries were open throughout 2023.
- ◆ Exhibitions were scheduled in each quarter and works of art placed online for sale.
- ◆ 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.

Structure, Governance and Management (continued)

Risk management (continued)

Disruption caused by Covid-19 and the impact of the cost of living crisis (continued)

- ◆ Staging physical exhibitions with a strong online offering.
- ◆ Gallery and Evening Events hirers – the hire package was reviewed and relaunched in 2022/3, coupled with a marketing campaign to attract new clients
- ◆ New business to business activity (Art Advisory) was launched.
- ◆ Expenditure savings:
 - ◇ staffing;
 - ◇ business rate reduction; and
 - ◇ reduced activity has led to savings in the running cost of the premises.
 - ◇ Strategic decisions taken on cost to support the business

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 former 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.

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 of 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.

Structure, Governance and Management (continued)

Risk management (continued)

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 and a trustee with safe guarding oversight of employees and visitors has been appointed.

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

A new server installed during the year to support our growth

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 that recent events had on the charities reserves and the need to build back to agreed levels. In 2023 the charity will report a surplus for the first time since 2017, which has helped to partially build back its cash and reserves.

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.

Objectives of the Charity (continued)

Our Mission Statement (continued)

- ◆ 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.

A simpler vision and mission was drawn up in 2023:

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' subscriptions, donations and sponsorship, and artist membership fees. We receive no regular government funding.

Review of Achievements and Performance

Exhibitions – a summary

A total of **24** exhibitions were hosted in 2023 between February and December:

x24 physically staged at Mall Galleries

These included:

x8 Federation of British Artists, Society Annual Exhibitions

x1 FBA Initiative

Gallery Hire: x15

x5 Art Fair and Auction Showcase

x2 Art Prize

x1 Solo Exhibitions

x4 Group Exhibitions

x2 International Group Exhibition

x1 Product launch and filming

Full list of Exhibitions staged in 2023:

FBA Society Annual Exhibitions

Royal Society of British Artists | Bicentennial Exhibition

2 to 11 March

Royal Institute of Painters in Water Colours | 211th Exhibition

30 March to 8 April

Royal Society of Portrait Painters | Annual Exhibition 2023

4 to 13 May

Pastel Society | 124th Annual Exhibition

24 May to 3 June

New English Art Club | Annual Exhibition 2023

23 June to 1 July

Royal Society of Marine Artists | Annual Exhibition 2023

21 to 30 September

Society of Wildlife Artists 60th Annual Exhibition | The Natural Eye 2023

2 to 11 November

Royal Institute of Oil Painters | Annual Exhibition 2023

29 November to 16 December

FBA Initiative

Online fundraising Auction

Art Fairs and Auction Showcases

- Lyon and Turnbull - Spring and Winter
- Connect Art Fair
- Korean Art London
- Women in Art Fair

Solo Exhibitions

- Francis Charles Salvesen

Art Prizes

- ING *Discerning Eye*
- David Sheppard

International Groups

- Minerva
- Swanfall Gallery

Group Exhibitions

- Society of Graphic Fine Artists
- Botanicals Artists
- Society of Women Artists
- Art for Youth

Product Launch and filming

- Marks and Spencer's Winter launch

Artworks

Federation of British Artists (FBA) exhibition highlights:

- In total for the year, over 8,600 works of art were exhibited, 3,113 being in FBA exhibitions.
- 18,500 works of art were submitted for selection to an exhibition.
- Over £100,000 was awarded in prizes.
- 69 portraits were commissioned.

Three examples of gallery hire:

Scottish Auction House Lyon and Turnbull returned to host four auctions, both online and in-venue, across all three gallery spaces as part of their Spring and Autumn Auctions. They showcased 16,000+ artworks across both shows.

ING Discerning Eye Exhibition is an annual show of small-scale works renowned for championing emerging artists and displaying a unique curatorial approach. A panel of six prominent art world figures - two artists, two collectors and two critics - select works of art for the exhibition. They had 3,388 visitors through the door, bringing a new audience to Mall Galleries.

ING Discerning Eye Exhibition have exhibited at Mall Galleries for 25 years and is famous for its unique selection process

Women in Art Fair came to Mall Galleries as a brand-new art fair dedicated to readdressing the gender imbalance in the art industry. Taking place during Frieze week, women and those identifying as women, were given an opportunity to showcase their work and contribute to developing the exchange of ideas around gender, and culture.

Women in Art Fair achieved some incredible exposure, featuring in the likes of Tatler, The Art Newspaper, ArtNet, London Post, and Aesthetica. The East Gallery exhibition 'Unnatural Women', curated by Rowena Easton, received a special mention by Nico Kos-Earle as part of Artlyst's Frieze highlights

Fundraising Initiative

On the occasion of Frieze week, the FBA hosted a fundraising auction online. *Art for All*

Members of the Federation of British Artists donated 245 small sculptures and works on paper or board to auction, which raised a total of £30,709. We extend our gratitude to every contributing artist, bidder and winner. Proceeds from the auction will support the Federation's mission to empower artists through not-for-profit exhibitions and events, prizes and awards, with a focus on figurative art.

Visitors to the Galleries and online digital engagement

- ◆ Instagram 53.99 > 64.31 = 19.1% increase
- ◆ Twitter 15.8 > 15.9 = 0.92% increase
- ◆ Facebook 26.38 > 30.56 = 15.85% increase
- ◆ Gallery Visitors: over 37,000

Review of Achievements and Performance (continued)

Visitors to the Galleries and online digital engagement (continued)

Website:

- ◆ Users 539,407 > 509,839 = -5.6% decrease
- ◆ Page Views 2,440,884 > 2,022,302 = -17.0% decrease

Our Website was upgraded in 2024 and we will see more positive results come through in 2024.

Learning and Engagement

Over the course of 2023, the FBA hosted over one hundred special events at Mall Galleries, we collaborated with organisations within and outside the Federation to offer the following artists opportunities in 2023, including

Hesketh Hubbard Life Drawing Classes – 44 classes which included Hesketh Hubbard Bursaries

In partnership with London's largest life drawing group, the Hesketh Hubbard Art Society, the FBA offered weekly life drawing sessions at Mall Galleries free of charge for a year to three young artists aged between 18 and 30. The winners were announced on 22 November 2023 as Olly Williamson (b. 1994), Amelia Cross (b. 1995), and Zeynep Swanson (b. 2004).

NEAC Artist Scholarship

In 2023, the FBA worked with the New English Art Club to offer three Artist Scholarships to individuals who have not historically benefited from many opportunities to engage with the NEAC. The main award, of £5,000, was won by Rae Birch Carter. Two additional Scholars, Polly Smedley and Owain Hunt, each received a £250 award. Reflecting on the scholarship, Rae Birch Carter says: "It was a great confidence boost to be awarded such a special opportunity ... I've learnt so much, and made connections and friendships that will hopefully continue ... It's been a really wonderful experience."

Jonathan Vickers Fine Art Award

On 30 June 2023, Mall Galleries announced Max Gimson (b. 1990) as the ninth winner of the Jonathan Vickers Fine Art Award.

The Jonathan Vickers Fine Art Award is one of the country's largest art prizes for an emerging artist. The biennial award brings a rising artist to Derbyshire for nine months to create and exhibit a body of work in response to the landscape, heritage and people of the county on the theme 'A Sense of Place'.

As the award is a collaboration between the Federation of British Artists and Foundation Derbyshire, Max will exhibit work from his residency at Derby Museum & Art Gallery, then Mall Galleries.

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

We enhanced our processes supporting our portrait commission activity.

Future Plans

In 2024, our aims are to surpass performance and bring revenue to higher than pre-pandemic levels by:

- ◆ Developing a 3-year strategic plan which will include conducting a visitor survey to key customer groups to help improve our offer and direct our roadmap to achieve our charitable objectives in the 2020's
- ◆ Strengthening the Governing Body through the appointment of three new independent trustees; establishing an ad hoc strategy group to help shape the 3-year plan; stage a board awayday; a full review of FBA policies and the appointment of a trustee for safeguarding
- ◆ Ensuring a full and lively programme of selling exhibitions
- ◆ Continuing to attract artists to want to exhibit in our exhibitions by submitting works
- ◆ Using the new versatile and user accessible website, www.mallgalleries.org.uk to grow art sales and portrait commissions nationally and internationally and attract companies to corporate art consultancy

Financial review and policies

Results for the Year

The Federation made an operating profit in 2023 of £95,488, compared to a loss in 2022 of £250,636. This was driven by higher income and lower expenditure.

Total income of £1,617,687, was £278,191 higher than in 2022 (£1,339,496). The galleries were open through-out the year. Income from gallery and evening event hire was higher by £164,656, driven by 4 quarters of activity and a return of the corporate hospitality sector in London. We had 9 evening events versus 3 in 2022. On commissions, society art sales in the galleries and on-line were higher by 13%, driven in the main from new buyers to the Federation, however we were still impacted by the cost-of-living crisis and the fact that disposable income was channelled away from buying art. Portrait commission income was lower by £9,447 after a very strong 2022 boosted by post covid demand. In Exhibitions, our submission income increased

Results for the Year (continued)

by £70,382, due to the high volume of artists, who wish to show in our art society shows. Our Membership income increased by £20,334, as we agreed with the art societies that we could increase the annual membership in 2023 to support the Federation. In donations and legacies, we ran a very successful auction of members works, to raise funds for the Federation.

Our income from charitable activities was higher by £253,949, driven by the large increase in Gallery and Evening Events, higher submission income and higher society art sales commission.

Overall expenditure was lower by £67,933 versus £1,590,132 in 2022. The largest impact was in the cost of running the premises, we reported the cost of the Quinquennial works, as it happened for the first time in seven years in 2022, £89,871. We also had savings of £15,000 as we employed a contractor for 6 months in 2022 covering IT, these we partially offset by higher marketing investment behind gallery and evening event hire, call for entries for submissions and a slight increase in salaries due to a cost-of-living increase given in January 2023. Charitable activities, which make up the majority of the expenditure followed the above explanations.

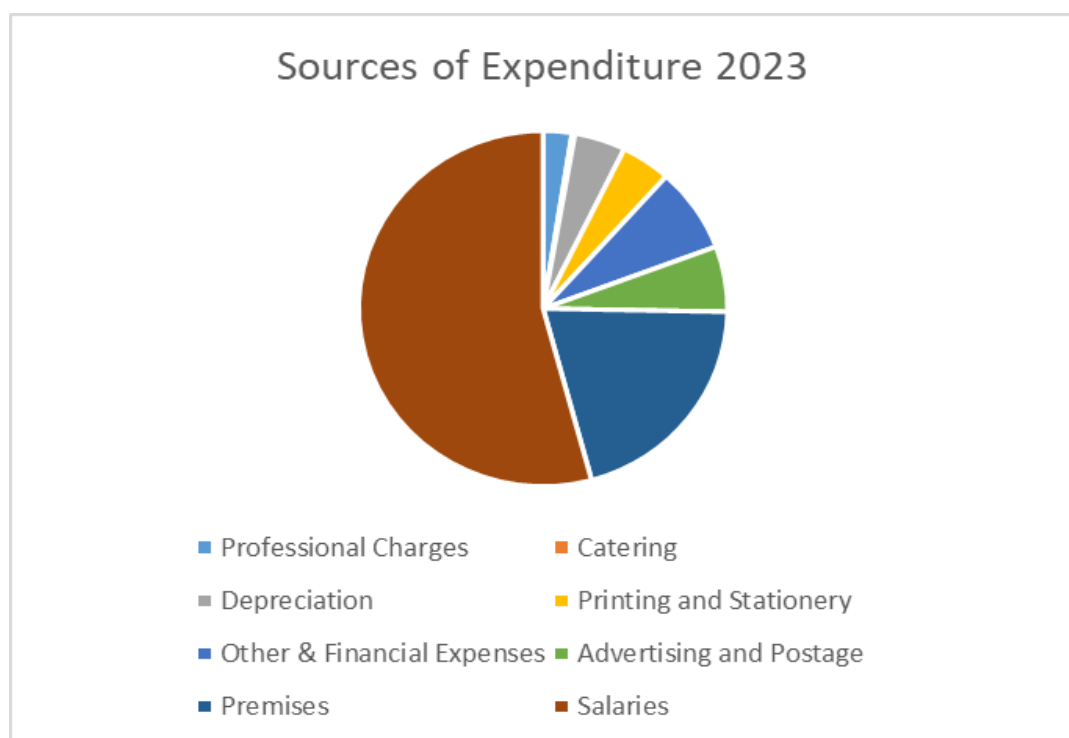
Salaries formed 54% of our total costs and were higher than in 2022 which was 51%. We appreciate the staff are the most valued asset of the organisation without which we cannot operate.

Our overall cash position of £628,731 at the end of December 2023, shows an increase of £232,132, driven by the more positive results in 2023 and a potential rent holiday, which The Crown Estate have in principle agreed to give, we have made a provision for this as a creditor in the Balance sheet.

The FBA is still in a good cash position, which will give the Federation resilience in the face of ongoing impacts in 2024, post pandemic and the cost-of-living crisis.

Financial review and policies (continued)

Sources of Income and Expenditure



Financial review and policies (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: code of conduct; disciplinary and grievance; Health and safety and fire evacuation; ICT; major incident; equality and diversity; and safeguarding.

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 2023. 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. The Federation did open a money market account with the Aviva sterling liquidity fund and will hold any excess cash there, so we gain from the higher interest rate versus the commercial bank rate. Interest on funds held in bank deposit and the Aviva money market accounts was £4,992 (2022 - £253). Interest rates on cash deposits continue to be very low at the commercial banks.

Reserves Policy and Going concern

The balance sheet shows total reserves of £637,264 (2022, £541,775) consisting of restricted funds of £10,409 (2022, £25,409) designated funds of £422,000 (2022, £376,179) and free reserves of £204,855 (2022, £140,187).

In the restricted education fund, income included £500 of donations from Patrons. Resources expended on educational programmes during the year amounted to £500 and £15,000 was used to fund the new website's educational platforms. The unused balance carried forward of £10,409 will go towards a suitable project.

Designated funds consist of the premises maintenance fund for external painting and the tangible fixed assets and intangible asset funds. The planned maintenance work happened in 2022, where we used the brought forward fund of £80,000. We have started to create a new

Reserves Policy and Going concern (continued)

fund in 2023, £20,000 in year one and we plan to have at least £100,000 by 2027, when the next repairs are planned to happen

New designations of £21,149 were made to the fixed assets designated fund to provide new IT and office equipment, upgrade the gallery floor and new branding for the gallery. The opening balance of £376,179 at 1 January 2023, the new designations of £21,149, less the released amount of £59,134 depreciation leaves a balance carried forward as at 31 December 2023 of £338,194. 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. New designations of £72,922 were made to the intangible designated fund to provide for the new website less, the release amount of £9,116 depreciation leaves a balance carried forward as at the 31 December 2023 of £63,806.

Free reserves in the general fund amount to £204,855 (2022, £140,187).

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 £380,000 at 2023 expenditure levels.

Due to the Covid-19 situation and the cost-of-living crisis our free reserves have taken a substantial hit over the last 4 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:

27th Jun 2024



Jane Ellison

Chair

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 2023 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 2023 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 black ink that reads "Buzzacott LLP". The signature is written in a cursive, flowing style.

2nd July 2024

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

Consolidated statement of financial activities Year to 31 December 2023

	Notes	Unrestricted funds £	Restricted funds £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Total funds £
Income and expenditure							
Income from:							
Donations and legacies	1	31,893	500	32,393	2,480	500	2,980
Sponsorship income	2	5,000	—	5,000	6,000	—	6,000
Investments	3	4,992	—	4,992	253	—	253
Charitable activities							
. Subscriptions	4	169,861	—	169,861	158,262	—	158,262
. Exhibitions		364,237	—	364,237	282,301	—	282,301
. Commissions		406,105	—	406,105	410,346	—	410,346
. Gallery & Event Hire		598,102	—	598,102	433,446	—	433,446
Other income	5	36,997	—	36,997	45,908	—	45,908
Total income		1,617,187	500	1,617,687	1,338,996	500	1,339,496
Expenditure on:							
Raising funds	6	4,540	—	4,540	4,808	—	4,808
Charitable activities	7	1,502,159	15,500	1,517,659	1,584,824	500	1,585,324
Total expenditure		1,506,699	15,500	1,522,199	1,589,632	500	1,590,132
Net income before gains (losses) before impairment	9	110,488	(15,000)	95,488	(250,636)	—	(250,636)
Net income and net movement in funds for the year							
		110,488	(15,000)	95,488	(250,636)	—	(250,636)
Reconciliation of funds:							
Balances brought forward at 1 January 2023		516,366	25,409	541,775	767,002	25,409	792,411
Balances carried forward at 31 December 2023		626,854	10,409	637,264	516,366	25,409	541,775

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 2023

	Notes	Consolidated		Federation	
		2023 £	2022 £	2023 £	2022 £
Fixed assets					
Intangible assets	13	63,806	—	63,806	—
Tangible assets	14	338,194	376,179	338,194	376,179
Investments	15	—	—	2	2
		402,000	376,179	402,002	376,181
Current assets					
Debtors	16	176,117	228,286	252,123	380,809
Stock		5,281	4,463	—	—
Cash at bank and in hand		628,731	396,599	538,911	238,698
		810,129	629,348	791,034	619,507
Liabilities:					
Creditors: amounts falling due within one year	17	(567,154)	(425,938)	(548,062)	(416,101)
Net current assets		242,975	203,410	242,972	203,406
Total assets less current liabilities		644,976	579,589	644,974	579,587
Creditors: amounts due after more than one year	18	(7,712)	(37,814)	(7,712)	(37,814)
Total net assets		637,264	541,775	637,262	541,773
The funds of the group/charity:					
Restricted funds	19	10,409	25,409	10,409	25,409
Unrestricted funds					
. Designated funds	20	422,000	376,179	422,000	376,179
. General fund		204,855	140,187	204,853	140,185
		637,264	541,775	637,262	541,773

A separate Statement of Financial Activities for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. During the period, the parent charitable company made a surplus of £34,016 (2022: deficit of £301,708).

Approved by the Board
and signed on its behalf by:



Trustee

Jane Ellison

Approved on: 27th Jun 2024

Chair

Company Registration Number
683275 (England and Wales)

Consolidated statement of cash flows 31 December 2023

	Notes	2023 £	2022 £
Cash flow from operating activities:			
Net cash (used in) provided by operating activities	A	321,210	(151,538)
Cash outflow from investing activities:			
Dividends and interest from investments		4,992	253
Purchase of tangible and intangible fixed assets		(94,071)	(17,579)
Proceeds from the disposal of fixed assets		—	90
Net cash used in investing activities		(89,079)	(17,236)
Change in cash and cash equivalents in the year		232,132	(168,774)
Cash and cash equivalents at 1 January 2023	B	396,599	565,373
Cash and cash equivalents at 31 December 2023	B	628,731	396,599

Notes to the statement of cash flows for the year to 31 December 2023.

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

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	95,488	(250,637)
Adjustments for:		
Depreciation charge	68,249	62,645
Dividends and interest from investments	(4,992)	(253)
Decrease (increase) in stocks	(818)	4,024
Decrease (Increase) in debtors	52,169	(134,677)
Increase (decrease) in creditors	111,114	167,360
Net cash (used in) provided by operating activities	321,210	(151,538)

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	628,731	396,599
Total cash and cash equivalents	628,731	396,599

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 2023.

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 and Intangible 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 subsequent cost of living crisis has also impacted 2022 and 2023. 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 assisted in offsetting costs in relation to furloughed staff and we benefitted from Government grants to support local galleries. Rent and rates holidays and other premises costs savings had a positive impact on running costs. Gallery hire and evening event income made a comeback in 2022 and we have made further progress in 2023, reflecting the better actual results. Our latest estimate for 2024 is for this trend to continue.

Free reserves at the 31 December 2023 stood at £204,855 (2022 - £140,187). This level of reserves is below the three month requirement stipulated by the trustees of £380,000 based on 2023 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 2024 and 2025 based on a more normal year in 2024, with continued strong sales on-line to support our sales in the galleries. The trustees also note that the FBA developed a new website which will allow it to offer a better all-round service, to support art sales and gallery and evening event hires for 2024 and beyond.

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. 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 back our reserves. 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. During the period, the parent charitable company made a surplus of £34,016 (2022: deficit of £301,708).

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 and Intangible 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

Intangible fixed assets (website)	Over the life of the lease
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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 £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Total funds £
Patrons	—	500	500	—	500	500
Trusts/ foundations/Auctions	31,893	—	31,893	2,480	—	2,480
Total funds	31,893	500	32,393	2,480	500	2,980

2 Income from sponsorship

	Unrestricted funds £	Restricted funds £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Total funds £
Sponsorship income	5,000	—	5,000	6,000	—	6,000
Total funds	5,000	—	5,000	6,000	—	6,000

3 Income from investments

	Unrestricted funds £	Restricted funds £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Total funds £
Bank interest receivable	4,992	—	4,992	253	—	253
Total funds	4,992	—	4,992	253	—	253

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2023 Total funds £	Unrestricted funds £	Restricted funds £	2022 Total funds £
Subscriptions						
. Members	125,677	—	125,677	105,342	—	105,342
. Friends and Patrons	44,184	—	44,184	52,920	—	52,920
	169,861	—	169,861	158,262	—	158,262
Exhibitions	364,237	—	364,237	282,301	—	282,301
Commissions	406,105	—	406,105	410,346	—	410,346
Gallery & Event Hire	598,102	—	598,102	433,446	—	433,446
Total funds	1,538,305	—	1,538,305	1,284,356	—	1,284,356

5 Other income

	Unrestricted funds £	Restricted Funds £	2023 Total funds £	Unrestricted funds £	Restricted Funds £	2022 Total funds £
Sale of books and materials	14,205	—	14,205	14,625	—	14,625
Catering receipts	—	—	—	—	—	—
CJRS grant	—	—	—	—	—	—
Miscellaneous income	22,792	—	22,792	31,284	—	31,284
Total funds	36,997	—	36,997	45,908	—	45,908

6 Expenditure on raising funds

	Unrestricted funds £	Restricted Funds £	2023 Total funds £	Unrestricted funds £	Restricted Funds £	2022 Total funds £
Cost of raising funds	4,540	—	4,540	4,808	—	4,808
Total funds	4,540	—	4,540	4,808	—	4,808

7 Expenditure on charitable activities

	Unrestricted funds £	Restricted Funds £	2023 Total funds £	Unrestricted funds £	Restricted Funds £	2022 Total funds £
Membership costs	28,241	—	28,241	43,545	—	43,545
Exhibitions by Member Societies	416,318	—	416,318	436,095	—	436,095
Commissioned work	479,170	—	479,170	553,940	—	553,940
Gallery & Event Hire	576,920	—	576,920	510,652	—	510,652
Education	1,510	15,500	17,010	40,592	500	41,092
Total funds	1,502,159	15,500	1,517,659	1,584,824	500	1,585,324

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 £	2023 Total funds £
Premises	—	82,966	92,504	136,236	—	311,706
Depreciation	683	17,484	20,254	29,830	—	68,251
IT/Software & IT enhancements	535	13,211	15,885	23,394	500	53,525
Governance costs (see below)	1,451	10,165	12,952	19,075	—	43,643
	2,669	123,826	141,593	208,535	500	477,124

8 Support costs (continued)

	Membership costs £	Exhibitions by member societies £	Commissioned work £	Non Society exhibitions £	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
	<u>2,150</u>	<u>141,099</u>	<u>201,969</u>	<u>224,162</u>	<u>500</u>	<u>569,879</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:

	2023 Total funds £	2022 Total funds £
Auditor's remuneration	23,303	20,570
Legal and professional	15,000	48,083
Other governance costs	5,340	2,032
	<u>43,643</u>	<u>70,685</u>

9 Net expenditure for the year

This is stated after charging:

	2023 Total funds £	2022 Total funds £
Staff costs (note 10)	825,490	811,844
Auditor's remuneration (consolidated)		
- Audit fees: current year	19,943	19,150
- Other services: current year	3,360	1,420
Depreciation of tangible & Intangible fixed assets	68,251	62,645
Operating lease rentals – buildings	123,387	123,387

We have a potential rent holiday from The Crown Estate in 2023, which they have agreed in principle, we have made a provision for this as a creditor in the Balance Sheet. (2022 - £ nil).

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

	2023 £	2022 £
Staff costs during the year were as follows:		
Wages and salaries	742,600	727,750
Social security costs	66,821	68,004
Pension costs	16,069	16,090
	825,490	811,844
Staff costs per function were as follows:		
Subscriptions	24,764	40,592
Exhibitions	234,852	243,553
Commissions	272,412	276,027
Gallery & Event hire	272,412	211,080
Education	21,050	40,592
	825,490	811,844

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	
	2023	2022	2023	2022
Subscriptions	1	2	0.66	0.90
Exhibitions	11	11	6.26	5.40
Commissions	12	12	7.26	6.12
Gallery & Evening Event hire	12	9	7.26	4.68
Education	1	2	0.56	0.90
	37.00	36.00	22.00	18.00

The headcount has increase, as we have hired more part time staff to support the increase in activity in the Gallery, which supports higher income.

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

	2023	2022
£60,000 - £70,000	1	1
£70,000 - £80,000	—	—
£80,000 - £90,000	1	1

£5,646 (2022 - £6,009) pension contributions were made on behalf of these member of staff in 2023.

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 £236,622 (2022 - £252,472).

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 (2022 - £nil). Travel and printing expenses amounting to £154 were reimbursed to Trustees (2022 - £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 2023 are shown below:

	31 December 2023 £	31 December 2022 £
Profit and loss account		
Turnover	167,548	129,435
Cost of sales	(28,927)	(10,865)
Gross profit	138,622	118,570
Administrative expenses	(35,074)	(35,257)
Net profit	103,548	83,313
Amount to be distributed to the Federation under Gift Aid	(103,548)	(83,313)
Retained in subsidiary	—	—

11 Net income from Mall Galleries Trading Limited (continued)

The £2 issued share capital equalled the net assets of the company as at 31 December 2023.

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 Intangible fixed assets

	Website £
Cost	
At 1 January 2023	—
Additions	72,922
At 31 December 2023	72,922
Amortisation	
At 1 January 2023	—
Charge for year	9,116
At 31 December 2023	9,116
Net book values	
At 31 December 2023	63,806
At 31 December 2022	—

14 Tangible fixed assets

Federation and Group	Leasehold improvements £	Furniture fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2023	1,115,043	96,948	81,516	1,293,507
Additions	8,337	—	12,812	21,149
Disposals	—	—	—	—
At 31 December 2023	1,123,380	96,948	94,328	1,314,656
Depreciation				
At 1 January 2023	766,685	79,032	71,611	917,328
Charge for the year	45,817	7,159	6,158	59,134
Disposals	—	—	—	—
At 31 December 2023	812,502	86,191	77,769	976,462
Net book values				
At 31 December 2023	310,878	10,757	16,559	338,194
At 31 December 2022	348,358	17,916	9,905	376,179

15 Investments

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

16 Debtors

	Consolidated		Federation	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	93,563	185,294	90,421	180,643
Amounts due from subsidiary undertaking	—	—	79,233	157,259
Prepayments and accrued income	82,554	42,992	82,469	42,907
	176,117	228,286	252,123	380,809

17 Creditors: amounts falling due within one year

	Consolidated		Federation	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	168,108	83,747	163,945	84,059
Quinquennial cost to Crown Estate	30,623	30,251	30,623	30,251
Accrual rental to the Crown Estate	123,387	—	123,387	—
Social security and other taxes	53,262	69,576	50,785	68,746
Deposits and fees received in advance	146,983	200,030	139,438	195,430
Other creditors and accruals	44,791	42,334	39,881	37,615
	567,154	425,938	548,059	416,101

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

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

	2023 £	2022 £
Deferred income brought forward	200,030	128,356
Additional income deferred during the year	146,983	200,030
Brought forward funds released in the year	(200,030)	(128,356)
Deferred income carried forward at 31 December 2023	146,983	200,030

18 Creditors: amounts falling due after more than one year

	Consolidated		Federation	
	2023 £	2022 £	2023 £	2022 £
Quinquennial cost to Crown Estate	7,712	37,814	7,712	37,814
	7,712	37,814	7,712	37,814

19 Restricted fund

	At 1 January 2023 £	Income £	Expenditure £	Transfers £	At 31 December 2023 £
Federation and Group					
Education fund	25,409	500	(15,500)	----	10,409
	25,409	500	(15,500)	----	10,409

	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

The Education fund comprises donations received for learning and educational projects with the Federation of British Artists. £15,000 was used in 2023 to support the education aspects of the new website.

20 Designated funds

	At 1 January 2023 £	New Designations £	Utilised/ Released £	At 31 December 2023 £
<i>Federation and Group</i>				
Premises maintenance fund	—	20,000	—	20,000
Tangible & Intangible fixed assets fund	376,179	94,071	(68,250)	402,000
	376,179	114,071	(68,250)	422,000

	At 1 January 2022 £	New Designations £	Utilised/ Released £	At 31 December 2022 £
<i>Federation and Group</i>				
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

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 up this fund in 2022 to pay for the works done that year. We have started to create a new fund in 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.

21 Analysis of net assets between funds

	General Fund £	Designated Funds £	Restricted Funds £	Total 2023 £
<i>Group</i>				
Fund balances at 31 December 2023 are represented by:				
Fixed assets	—	402,000	—	402,000
Current assets	779,720	20,000	10,409	810,129
Creditors: amounts falling due within one year	(567,154)	—	—	(567,154)
Creditors: amounts due after more than one year	(7,712)	—	—	(7,712)
Total net assets	204,855	422,000	10,409	637,264

	General Fund £	Designated Funds £	Restricted Funds £	Total 2022 £
<i>Group</i>				
Fund balances at 31 December 2022 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

21 Analysis of net assets between funds (continued)

	General Fund £	Designated Funds £	Restricted Funds £	Total 2023 £
<i>Federation</i>				
Fund balances at 31 December 2023 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

	General Fund £	Designated Funds £	Restricted Funds £	Total 2022 £
<i>Federation</i>				
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)
	(37,814)	—	—	(37,814)
Total net assets	140,185	376,179	25,409	541,773

22 Leasing commitments

At 31 December 2023 the Federation had future minimum commitments under operating leases on land and buildings as follows:

	2023 £	2022 £
<i>Payments which fall due:</i>		
Within one year	123,387	123,387
Within two to five years	493,548	493,548
After five years	226,210	349,596
	843,145	966,531

23 Capital commitments

At 31 December 2023, the charity had capital commitments of £nil (2022 - £nil).

24 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.

25 Related party transactions

The charity received commission and Trustees hire fees totalling £16,347 (2022 - £25,444) 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 2023, an amount of £nil (2022 - £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 2023 or 2022.

Other than the transactions above, we had a few purchases of art works by Trustees, however they were not material and were purchased at arm's length.

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.