

REGISTERED COMPANY NUMBER: 00122616 (England and Wales)
REGISTERED CHARITY NUMBER: 528894

REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
THE ROYAL BIRMINGHAM SOCIETY OF ARTISTS

J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

THE ROYAL BIRMINGHAM SOCIETY OF ARTISTS

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Page |
|---|-----------------|
| Report of the Trustees | 1 to 8 |
| Report of the Independent Auditors | 9 to 12 |
| Statement of Financial Activities | 13 |
| Balance Sheet | 14 to 15 |
| Notes to the Financial Statements | 16 to 34 |

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2022. The trustees have adopted the provisions of 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Purposes and aims

The Society's objectives include the maintenance of a Gallery as a venue for the organisation of exhibitions and the education of the public in the practice of the visual arts.

Our aim as an artist-led charity is to facilitate the creation and sharing of excellence in the visual arts. We achieve this by supporting artists in the development of their practice, by encouraging participation in creative arts activities to develop future generations of artists, by promoting our artistic programme in our own Gallery so it can be enjoyed by the widest audiences, and by providing interpretation and events to help our audiences develop their knowledge, understanding and enjoyment of the visual arts.

Significant activities

We deliver an inclusive artistic programme at the RBSA Gallery which includes major exhibitions of artwork by Members and Associates, Open/Prize Entry exhibitions (both open to non-members), gallery hire by artists or groups external to the RBSA, solo shows for members and curated displays from the RBSA Collection. All exhibitions are supported by free events such as talks, guided tours, art demonstrations and workshops for adults. The impact of the pandemic has meant that our ability to run in 2022 a dedicated programme of outreach and engagement activities for a diverse range of users has been restricted. Our Craft Shop (also online) showcases UK based designer-makers, many of whom are based in the West Midlands.

The Society can trace its origins back to 1814 and cherishes our heritage. We care for and promote our historic Archive and Collection of artworks predominantly by RBSA members which reflects that heritage. We have been an Accredited Museum since 2006 and that Accreditation was renewed for 5 years in November 2022. The Collection and Archive now comprises over 1,000 items and is managed by a dedicated Volunteer Archive Team offering intergenerational learning and work experience opportunities.

Public benefit

Ensuring our work delivers our aims

We reviewed our aims, objectives and activities at an informal Council meeting in November. This review looked at the Strengths, Weaknesses, Opportunities and Threats to the Society. As a result of this we identified some priorities which we will work on further in 2023. We are particularly concerned about raising the visibility of the Society in the City and are making effective partnerships with some other leading arts organisations including the Birmingham Royal Ballet and the Royal Birmingham Conservatoire. Both venues have hosted drawing sessions for our members and we hope to return in 2023. We are also considering other ways to raise our profile of our work and activities including more intensive networking. The Trustees are also anxious to develop current and new income streams and will be giving that particular attention in 2023.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

Public benefit - continued

During the year we extended the tenure of our Next Wave Associate artists into 2023. These artists were unable, like our members and Friends, to exhibit or come to events during the pandemic. Our NWA's are recent graduates who enjoy three years free membership of the Society and whom we give the opportunity to develop their practice and show their work alongside the membership. We also discount the entry fees and other charges of all those under 35 years of age by 50% to encourage submissions from younger artists as part of our public benefit programme.

Our Annual report last year referred to the dramatic impact of the pandemic on our activities. That is still having an effect. Some of our artists and visitors have felt a degree of apprehension in visiting the Gallery in the light of perceived rates of infection and their own health issues.

OBJECTIVES AND ACTIVITIES

Volunteers

Nevertheless, during 2022, some 80 volunteers assisted the Society in one form or another including in the Archive, receiving and hanging Exhibitions as well as 74 stewarding sessions at weekends. We are most grateful to all of our volunteers without whom the Gallery could not open on Saturdays and whose presence enriches the visitor experience and public benefits.

Particularly in the circumstances of the latter stages of the pandemic, the Trustees wish to record their thanks to the many artists in the Society and other volunteers for giving their time to demonstrate, take-in, hang, steward and undertake all manner of other tasks to keep the Gallery running. We are also grateful to our staff for coping so admirably during this difficult period.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

How our activities deliver public benefit

All of our charitable activities focus on our ability to maintain a Gallery as a venue for the organisation of exhibitions and the education of the public in the practice of the visual arts.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit and their current guidance to charities in coping with the pandemic when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Achievements

Notable achievements during the year ended 31 December 2022 included the following.

Despite being closed for building refurbishment for over 3 months we staged 7 RBSA sponsored exhibitions including our Bi-Annual Print Prize Exhibition. We also arranged 4 private hires of the gallery during the year including Heallreaf Tapestry, and Masterpeace Academy. Our thanks to them for their support. The Gallery sold £29,657 of artworks over the year.

Our Workshop Programme ran 27 sessions with 164 participants. There were some 300 participants in our educational activities (both adults and children) over the year. We also had 10 talks in the Gallery during the year in relation to the exhibition programme.

In addition, 9 RBSA artists had free solo exhibitions in the Ground Floor spaces. These exhibitions gave all artists a high-profile opportunity to show the development of their practice.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

ACHIEVEMENT AND PERFORMANCE

RBSA Friends' activities included two gallery visits and an artist appraisal session. We also held an Artists Talking event for the 2022 Members Exhibition. Our community outreach programme will resume in 2023 once a new Learning & Engagement Manager has been appointed.

Recovery from the pandemic continued to affect our visitor numbers alongside public transport strikes and adverse weather conditions both in the summer and winter. In addition, we were closed for over 3 months for building works (see later) therefore the increase in visitor numbers to 7887 in 2022, from 5,516 in 2021 is positive and we are confident that a full year of opening in 2023 will return numbers to pre-pandemic levels.

We continued to focus on increasing our social media presence through followers on Facebook, Instagram and Twitter as well as the Art Blog. Online platforms have been vital to continue to engage with our audience and the online shop enables us to generate additional sales income. During the year we commissioned the re-design of our website which was launched in December. We will be assessing how effective the changes have been in 2023.

The Trustees consider that because of the most challenging of circumstances the activities for the year as summarised above have delivered reduced public benefit, particularly in the field of education. We are determined to reinstate our programmes as soon as the new normal is established.

REFURBISHMENT OF THE BUILDING

The Society own the freehold of the Gallery in Brook Street, Birmingham. It has been in need of renovation for some time and a project to undertake the works has been worked on over the last six years but interrupted by the pandemic and the concern about having sufficient resources to fund the required works. However, at the Council meeting in February 2022 following a public tender process supervised and analysed by PMP, our appointed QS and Project Manager, a tender for building work was approved in the sum of £171,826 (excluding VAT) from Estilo Interiors with work scheduled to start in March 2022. The works would include new windows, door entrance, flooring, lighting, a complete re-configuration of the Ground Floor with a new room for education and new dedicated space for 3D objects in the basement. This would enable the re-purposing of the building as a much improved contemporary space.

Most of the Trusts we approached for support were most generous in responding to our application for funds and they are named in Note 6 of the Accounts and cover sums received in both 2021 and 2022. The Trustees of the Behrens Trust were particularly generous, for which we thank them. We also wish to record our sincere thanks to three Trustees who volunteered to raise funds for their time and effort. Their efforts raised around £90,000, the majority from charitable trusts but part of this sum came from sales of work that the membership donated. We thank the donating artists. Our thanks also go to the Gallery Director who was successful with bids to the Landfill Trust and a charitable trust. She also had the unenviable task of decanting all the office, gallery stock and equipment out of the building and moving back on completion of the contract.

These sums, together with the Kate Fryer Legacy, to whom we will be paying tribute with a permanent plaque in the gallery, gave the Trustees the confidence to proceed with the Contract and also to fund other related expenditure outside the contract to complete the project. The works required the closure of the building for over 3 months which was regarded as an unavoidable risk in view of the scale of the works required and the extent of disruption.

The outcome of the works has met with much favourable comment from our visitors and members. The Trustees wish to place on record their special thanks to Rob Neil, Past President, for chairing the Building Committee and acting as Client during the Contract. He has been involved in the Project since 2016 when it was first seriously mooted.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL REVIEW

Financial position

The Statement of Financial Activities on page 13 of the financial statements shows that for the year ended 31 December 2022 the charity achieved a surplus, after recognising net investment gains and losses, totalling £2,099 (2021 - £90,761 after recognising investment gains and losses).

As a result, the total net assets of the charity have increased from £703,916 as at 31 December 2021 to £706,015, as at 31 December 2022.

During the year, the charity incurred irrecoverable VAT of £37,083 (2021: £4,450) as a result of the property renovation work.

Investment policy and objectives

The charity has a small investment portfolio and the charity's Trustees have a policy of exploring and considering appropriate ways of investing reserves so as to increase income without exposing the charity to undue risks.

The total investment income received by the charity from the charity's investment portfolio increased during the year ended 31 December 2022 compared to the year ended 31 December 2021 and the market valuation of the charity's investment portfolio increased by £2,641 as at December 2022 compared to a £344 increase last year - see notes 5 and 14 to the financial statements for more detail.

Reserves policy

Our risk assessment has highlighted that we need to monitor our cash position carefully. This has been difficult this year and the Council received regular short-term forecasts.

On the current basis, our policy has been to fix the figure of £60,000 as a level at which the Council would have to consider serious action to reduce the operation of the Society's Gallery. The Trustees consider this figure to be a reasonable estimate of the cost of mothballing the Gallery and winding down the staff requirement. As last year, we consider that sum (or a more accurate estimate should it be calculated known as "The Designated Reserve Fund") should be deducted from the free reserves figure to show a more realistic picture of our financial situation. This reserves policy was adopted in 2018.

A "Designated Repairs Fund" was created in 2018 to ensure that the fabric of the Building is properly maintained in the future and this currently stands at £40,000 - see Note 18 to the Accounts.

Going concern

The pandemic and the lockdowns that have been in force have challenged the organisation. We have done more with artists Exhibitions now online where appropriate. We believe that with the support we have received from the Government through its furlough scheme for our staff and the local grants from the City Council that the Society is able to resume and maintain its current activities for the foreseeable future. The Trustees have, therefore, considered that it is appropriate for the financial statements to be prepared on the going concern basis.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

FUTURE PLANS

For 2023 we hope to re-establish our high quality exhibition programme starting with a Friends Exhibition in January alongside a Collection Exhibition of new acquisitions. Following that we will show our Biennial Photography Prize Exhibition. Later in the year, after the Candidates Exhibition we will be hosting the Exhibition for a re-named RBSA Graduate Programme, formerly the Next Wave Associates. This is a major programme to attract relatively recent graduate artists to be part of the Society early on in their career. As a result of this exhibition and interviews, we will elect a number of the exhibitors to be RBSA Graduate Artists. They will enjoy a 3 year membership free of charge in the hope that they will develop their practice and ultimately stand for Associateship thereby helping to diversify our membership and art forms.

The RBSA Open will be re-named the Summer Exhibition and we will hold a second Collection Exhibition featuring landscape works running alongside the summer workshop programme. A Drawing Prize exhibition will be the highlight of the early Autumn and the year will close with the Annual Members and Associates Exhibition preceded by Autumn Workshops. We will also be hosting solo shows on the Ground Floor and group and solo gallery hires during the year. It is our intention to have a fundamental review of the gallery programme during the course of 2023.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is a company limited by guarantee and was incorporated on 15 June 1912. The charity is governed by a Memorandum and Articles of Association. The Articles have been subject to a governance review by a group which reported to the Council. The Council recommended to an Extraordinary General Meeting held on 9 October 2022 a resolution that all fine and contemporary artforms shall now be accepted by the Society, the only exception being on grounds of artistic quality and presentation and that accordingly the resolutions a previous AGM regarding the exclusion of photography be amended. This resolution was debated fully and on being put to the vote was approved by a substantial majority. The Meeting then went on to consider a fresh set of Articles which were the subject of advice and drafting by the Society's lawyers, the Wilkes Partnership. They updated the 1969 version of the Articles to take account of new legislation, adopted improved governance with regard to the terms of office of Council members, codified current practice and recognised the impact of new technology including Zoom meetings. These were unanimously approved.

None of the Trustees has a beneficial interest in the charitable company. All of the Trustees are members of the charitable company and guarantee to contribute £1 in the event of a winding up.

Recruitment and appointment of new trustees

The Officers and voting members of the Council, being the Trustees, are elected from the Society's 180 or so Members and Associates and are responsible for the governance and management of the Society.

At the AGM on 12 June 2022, Viv Astling was elected President having served 11 years as Hon Secretary. Hannah Northam and Vivienne Cawson were re-elected Vice Presidents, Andrew Matheson was re-elected to the post of Hon Treasurer and Rob Leckey was elected to the office of Honorary Secretary. Ed Isaacs was re-elected Honorary Curator. There were no elections to the Council this year.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

In the opinion of the Trustees the key management personnel responsible for the direction, control, running and operation of the Society are the Officers and the Council to whom the Gallery Director reports regularly.

The Council met on 6 occasions during the year ended 31 December 2022 and there was one informal meeting to undertake a SWOT analysis. As part of our review of governance, the Council decided not to re-appoint the Advisory Committee. We place on record our thanks to those members of the Advisory Committee who had helped the Society both formally and informally.

Permanent staff at the end of the year comprise the Gallery Director, Marketing Manager, Exhibitions Coordinator, with two Front of House & Sales Assistants to cover weekdays and Saturdays and a freelance Accountant. The Learning post was appointed but the post-holder left after a few months.

The average number of employees for the year is listed as per note 11 to the financial statements. Their remuneration is reviewed annually, and any increase is based on the state of the charity's finances, the importance of retaining key staff, the requirement to meet statutory wage conditions and increases in the current cost of living.

Induction and training of new trustees

New Trustees are briefed on their legal obligations under charity law, the contents of the Society's Memorandum and Articles of Association, the Committee and decision-making processes and the recent financial performance of the Society. They are directed to the Charity Commission's note CC3a on the role of the Trustee to guide them in their work on the Council.

Key management

In the trustees' opinion, the key management personnel of The Royal Birmingham Society of Artists responsible for the direction, control, running and operation of The Royal Birmingham Society of Artists on a day-to-day basis consists of the Board of Trustees and the charity's senior staff such as the Gallery Director.

Key management personnel - trustees

All trustees give of their time freely and no trustee received remuneration during the year.

None of the Trustees claimed any expenses as is confirmed in note 11 to the financial statements.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Trustees have examined the major strategic, business and operational risks that the Society faces and confirm that systems have been established to enable regular reports to be produced so that necessary steps can be taken to lessen these risks. Risk Assessments were compiled by the Gallery Director highlighting the risks to the Society of operating the Gallery at the time of a pandemic and the ways such risks can be mitigated.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00122616 (England and Wales)

Registered Charity number

528894

Registered office

RBSA Gallery
Dakota House
4 Brook Street
Birmingham
B3 1SA

Council Members

| | | |
|----------------|--------------------|----------------------------|
| V Astling | President | Elected 12 June 2022 |
| V Cawson | Vice President | Re- elected 12 June 2022 |
| H Northam | Vice President | Re- elected 12 June 2022 |
| R Leckey | Honorary Secretary | Elected 12 June 2022 |
| A Matheson | Honorary Treasurer | Re-elected 12 June 2022 |
| E Isaacs | Honorary Curator | Re-elected 12 June 2022 |
| C Griffin | | - elected 1 August 2021 |
| R Griffiths | | - re-elected 1 August 2021 |
| J Scott Martin | | - ex-officio |
| M White | | - ex-officio |
| R Neil | | - ex-officio |
| S Evans | | - ex-officio |

Associate Representatives

| | |
|-------------|---------------------------|
| A Pugh | Resigned 1 July 2022 |
| R Everson | - elected 1 August 2021 |
| M Flitcroft | Resigned 2 October 2022 |
| O Swinscoe | - co-opted 17 August 2021 |

Auditors

J W Hinks LLP
Chartered Accountants and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

Solicitors

The Wilkes Partnership
41 Church Street
Birmingham
B3 2RT

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Royal Birmingham Society of Artists for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, J W Hinks LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 9 March 2023 and signed on its behalf by:



V Astling OBE – Chair of the Trustees



A Matheson RBSA – Hon Treasurer

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ROYAL BIRMINGHAM SOCIETY OF ARTISTS

Opinion

We have audited the financial statements of The Royal Birmingham Society of Artists (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable 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 trustees 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 Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ROYAL BIRMINGHAM SOCIETY OF ARTISTS**

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 charitable 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and discussed the policies and procedures regarding compliance.

Specific areas considered were as follows:

- Enquiring with management and others to gain an understanding of the organisation itself including operations, financial reporting and known fraud or error.
- Evaluating and understanding the internal control system.
- Performing analytical procedures as expected or unexpected variances in account balances or classes of transactions appear.
- Testing documentation supporting account balances or classes of transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected all irregularities including those leading to material misstatements in the financial statements or non-compliance with regulation, even though we have properly planned and performed our audit in accordance with auditing standards. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ROYAL BIRMINGHAM SOCIETY OF ARTISTS**

Use of our 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 auditors' 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.



Peter Smith ACA (Senior Statutory Auditor)
for and on behalf of J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

Date: 9 March 2023

THE ROYAL BIRMINGHAM SOCIETY OF ARTISTS

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022

| | Notes | Unrestricted funds £ | Restricted funds £ | 2022 Total funds £ | 2021 Total funds £ |
|------------------------------------|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations | 3 | 13,903 | 18,410 | 32,313 | 17,151 |
| Charitable activities | | | | | |
| Operation of gallery | 6 | 66,361 | 88,126 | 154,487 | 132,254 |
| Other trading activities | 4 | 48,348 | - | 48,348 | 48,318 |
| Investment income | 5 | 1,048 | - | 1,048 | 1,041 |
| Other income | | | | | |
| HMRC Job Retention Scheme | | - | - | - | 6,447 |
| Business interruption insurance | | - | - | - | 30,256 |
| Total | | 129,660 | 106,536 | 236,196 | 235,467 |
| EXPENDITURE ON | | | | | |
| Raising funds | | - | 4,858 | 4,858 | - |
| Charitable activities | | | | | |
| Operation of gallery | 7 | 169,497 | 62,383 | 231,880 | 144,906 |
| Net gains on investments | | 2,641 | - | 2,641 | 200 |
| NET INCOME/(EXPENDITURE) | | (37,196) | 39,295 | 2,099 | 90,761 |
| Transfers between funds | 18 | 78,775 | (78,775) | - | - |
| Net movement in funds | | 41,579 | (39,480) | 2,099 | 90,761 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 664,436 | 39,480 | 703,916 | 613,155 |
| TOTAL FUNDS CARRIED FORWARD | | 706,015 | - | 706,015 | 703,916 |

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2022

| | Notes | Unrestricted funds £ | Restricted funds £ | 2022 Total funds £ | 2021 Total funds £ |
|--|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 13 | 517,589 | - | 517,589 | 320,055 |
| Investments | 14 | 18,087 | - | 18,087 | 15,447 |
| | | 535,676 | - | 535,676 | 335,502 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 5,898 | - | 5,898 | 35,797 |
| Cash at bank | | 218,245 | - | 218,245 | 380,158 |
| | | 224,143 | - | 224,143 | 415,955 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 16 | (53,804) | - | (53,804) | (47,541) |
| NET CURRENT ASSETS | | 170,339 | - | 170,339 | 368,414 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 706,015 | - | 706,015 | 703,916 |
| NET ASSETS | | 706,015 | - | 706,015 | 703,916 |

The notes form part of these financial statements

BALANCE SHEET - continued
31 DECEMBER 2022

| | | 2022 | 2021 |
|----------------------------|---|----------------|--------------|
| | | Total | Total |
| | | Funds | Funds |
| FUNDS | 18 | £ | |
| Unrestricted funds: | | | |
| - | General fund | 96,437 | 88,548 |
| Designated fund: | | | |
| - | Brook Street Building Fixed Asset fund | 315,216 | 316,655 |
| - | Renovation fund (Property Improvements) | - | 180,281 |
| - | Repairs fund | 40,000 | 18,150 |
| - | Reserve fund | 60,000 | 60,000 |
| - | Donated for events | 802 | 802 |
| - | Property Improvements Fixed Asset fund | 193,560 | - |
| | | 706,015 | 664,436 |
| Restricted funds: | | | |
| - | Governance Review | - | 4,200 |
| - | Renovation fund | - | 35,280 |
| | | - | 39,480 |
| TOTAL FUNDS | | 706,015 | 703,916 |

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

The financial statements were approved by the Board of Trustees and authorised for issue on 9 March 2023 and were signed on its behalf by:



A Matheson RBSA – Hon Treasurer

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

General information

The Royal Birmingham Society of Artists is an incorporated charity registered with the Charity Commission in England and Wales. The address of the Royal Birmingham Society of Artists' registered office is Dakota House, 4 Brook Street, Birmingham, B3 1SA.

Accounting convention

The financial statements of the Royal Birmingham Society of Artists, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) "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) (effective 1 January 2019)", Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared using the historic cost convention as modified to include certain financial instruments at fair value and are presented in sterling which is the functional currency of the Royal Birmingham Society of Artists, rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

GOING CONCERN

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The expected level of income and expenditure is sufficient with the level of reserves for the Society to be able to continue as a going concern.

FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

INCOME

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants and donations receivable which are intended for use in a specified period are accrued over the course of that period by the charity.

Sums received in advance are carried forward as deferred income.

Investment income is earned through holding assets such as cash on deposit. It includes interest receivable. Interest income is recognised using the effective interest rate method and is recognised as the charity's right to receive payment is established. Investment income relating to quoted fixed asset investments is accounted for on a receivable basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES - continued

INCOME

All other incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 and has been classified under headings that aggregate all costs related to the category. Such costs are allocated between costs of activities in furtherance of the charity's objects, costs of generating funds and governance costs. Staff costs are allocated to the cost of staff working directly in the relevant department. Other costs have been either specifically identified or apportioned on an appropriate basis to each category.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charity's charitable activities.

Support costs are those that assist with the work of the charity but do not directly represent charitable activities.

Governance costs are those incurred in connection with compliance with constitutional and statutory requirements.

TANGIBLE FIXED ASSETS

Tangible fixed assets other than freehold land are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows.

| | |
|----------------------------------|-----------------------------------|
| Freehold land | - not depreciated |
| Freehold buildings and | - 1% straight line method |
| Property improvements | - 5% straight line method |
| Fixtures, fittings and equipment | - 20% to 33% straight line method |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

1. ACCOUNTING POLICIES - continued

FIXED ASSET INVESTMENTS

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in "net gains/(losses) on investments" in the Statement of Financial Activities if the investments are publicly traded or their fair value can otherwise be measured reliably.

DEBTORS

Debtors are amounts owed to the charity. They are measured on the basis of their recoverable amount.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities.

CREDITORS

Creditors are amounts owed by the charity. They are measured at the amount that the charity expects to pay to settle the debt.

Amounts which are owed in more than a year are shown as long term creditors.

TAXATION

The charity is exempt from corporation tax on its charitable activities.

IRRECOVERABLE VAT

The charity is registered for Value Added Tax but is partially exempt as it makes both taxable and exempt supplies. The partial exempt status can result in the charity not recovering all of the Value Added Tax it has incurred on expenditure. Resources expended include the proportion of Value Added Tax on expenditure which cannot be recovered.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

EMPLOYEE BENEFITS

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1. ACCOUNTING POLICIES - continued

HIRE PURCHASE AND LEASING COMMITMENTS

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

Contributions to the personal pension schemes of certain employees are charged to the Statement of Financial Activities in the period in which they relate. The assets of these personal pension schemes are held separately from those of the charity in independently administered funds.

FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and are subsequently measured at amortised cost.

GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

The following is a key source of estimation uncertainty.

Expenditure allocations: expenditure is apportioned where it relates to more than one cost category.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

3. DONATIONS

| | 2022 Total funds £ | 2021 Total £ |
|----------------------------------|-----------------------------|--------------------|
| Donations, gifts and sponsorship | <u>32,313</u> | <u>17,151</u> |

Donations, gifts and sponsorship, included in the above, are as follows:

| | 2022 £ | 2021 £ |
|-------------|---------------|---------------|
| Donations | 22,597 | 8,113 |
| Sponsorship | - | 500 |
| Gift Aid | <u>9,716</u> | <u>8,538</u> |
| | <u>32,313</u> | <u>17,151</u> |

Donations in excess of £1,000 were received from the following organisations:

| | 2022 £ | 2021 £ |
|------------------------|---------------|--------------|
| C Alton | 2,500 | - |
| P Naylor | 1,500 | - |
| GMC Trust | 3,250 | 1,250 |
| Donations below £1,000 | <u>15,347</u> | <u>6,863</u> |
| | <u>22,597</u> | <u>8,113</u> |

4. OTHER TRADING ACTIVITIES

| | 2022 Total funds £ | 2021 Total funds £ |
|--|-----------------------------|-----------------------------|
| Subscriptions - Members and Associates | 36,247 | 36,108 |
| Subscriptions - Friends of the RBSA | <u>12,101</u> | <u>12,210</u> |
| | <u>48,348</u> | <u>48,318</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. INVESTMENT INCOME

| | 2022 Total funds £ | 2021 Total funds £ |
|--------------------------------|-----------------------------|-----------------------------|
| Income from listed investments | 571 | 549 |
| Interest receivable | 477 | 492 |
| | <u>1,048</u> | <u>1,041</u> |

6. INCOME FROM CHARITABLE ACTIVITIES

| | Activity | 2022 £ | 2021 £ |
|----------------|----------------------|----------------|----------------|
| Grants | Operation of gallery | 99,241 | 83,600 |
| Gallery income | Operation of gallery | 55,246 | 48,654 |
| | | <u>154,487</u> | <u>132,254</u> |

Grants received, included in the above, are as follows.

| | Unrestricted funds £ | Restricted funds £ | 2022 £ | 2021 £ |
|------------------------------------|----------------------------|--------------------------|---------------|---------------|
| Behrens Foundation | - | 35,000 | 35,000 | - |
| Birmingham City Council | 4,000 | - | 4,000 | 29,600 |
| Dumbreck Charity | - | - | - | 5,000 |
| Edward Cadbury Charitable Trust | - | 10,000 | 10,000 | - |
| GBSLEP Limited | - | - | - | 3,000 |
| GMC Trust | - | - | - | 3,000 |
| G J W Turner Trust | - | - | - | 8,000 |
| Ironbridge Gorge Museum Trust | - | - | - | 4,500 |
| Loppylugs | 8,000 | - | 8,000 | - |
| SUEZ | - | 42,241 | 42,241 | - |
| The Grimmitt Trust | - | - | - | 5,000 |
| The Oakley Charitable Trust | - | - | - | 1,500 |
| The Roughly Trust | - | - | - | 2,000 |
| The Saintbury Trust | - | - | - | 2,000 |
| William A Cadbury Charitable Trust | - | - | - | 20,000 |
| | <u>12,000</u> | <u>87,241</u> | <u>99,241</u> | <u>83,600</u> |

THE ROYAL BIRMINGHAM SOCIETY OF ARTISTS

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7. CHARITABLE ACTIVITIES COSTS

| | Direct Costs (see note 9) £ | Support costs (see note 10) £ | Totals £ |
|----------------------|--------------------------------------|--|----------------|
| Operation of gallery | <u>107,020</u> | <u>124,860</u> | <u>231,880</u> |

8. DIRECT COSTS OF CHARITABLE ACTIVITIES

| | 2022 £ | 2021 £ |
|-----------------------------------|----------------|---------------|
| Staff costs | 93,529 | 84,647 |
| Prizes | 4,400 | 1,750 |
| Workshop tutors | 4,496 | 3,239 |
| Funded projects professional fees | <u>4,595</u> | <u>1,705</u> |
| | <u>107,020</u> | <u>91,341</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. SUPPORT COSTS

Support costs are those costs that have been incurred in order to further the continued development of the charity's charitable activities.

Support costs, included in the above, are as follows:

| | 2022 Operation of gallery £ | 2021 Total activities £ |
|---|---|----------------------------------|
| Bank charges | 512 | 831 |
| Credit card charges | 2,069 | 1,675 |
| Repairs and maintenance | 28,205 | 10,676 |
| Printing and stationery | 1,138 | 262 |
| Light and heat | 3,962 | 3,388 |
| Telephone and postage | 1,203 | 1,077 |
| Publicity | 3,520 | 2,307 |
| Sundry expenses | 1,389 | 1,053 |
| Other operating leases | 1,044 | 1,176 |
| Photocopier | 275 | 210 |
| Catering | 1,379 | 23 |
| Irrecoverable VAT | 37,083 | 4,450 |
| Cleaning | 3,215 | 2,423 |
| Training | 1,320 | 150 |
| Computer expenses | 13,635 | 5,246 |
| Rates and insurance | 4,456 | 3,236 |
| Depreciation of tangible fixed assets | 3,585 | 1,439 |
| Auditors' remuneration | 2,520 | 2,400 |
| Auditors' remuneration for non audit work | 1,260 | 1,200 |
| Professional fees | <u>13,090</u> | <u>10,343</u> |
| | <u>124,860</u> | <u>53,565</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 2022 | 2021 |
|---|--------------|--------------|
| | £ | £ |
| Auditors' remuneration | 2,520 | 2,400 |
| Auditors' remuneration for non audit work | 1,260 | 1,200 |
| Depreciation - owned assets | 3,030 | 1,439 |
| Other operating leases | <u>1,044</u> | <u>1,176</u> |

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 31 December 2022 nor for the year ended 31 December 2021.

12. STAFF COSTS

| | 2022 | 2021 |
|-----------------------|---------------|---------------|
| | £ | £ |
| Wages and salaries | 89,707 | 81,344 |
| Social security costs | 2,098 | 1,556 |
| Other pension costs | <u>1,724</u> | <u>1,747</u> |
| | <u>93,529</u> | <u>84,647</u> |

The average monthly number of employees during the year was as follows:

| | 2022 | 2021 |
|-------------------------------|----------|----------|
| Management and administration | 1 | 1 |
| Charitable activities | <u>4</u> | <u>4</u> |
| | <u>5</u> | <u>5</u> |

No employees received emoluments in excess of £60,000.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

13. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Improvements to property £ | Fixtures, fittings and equipment £ | Totals £ |
|-----------------------|--|-------------------------------------|--|-----------------------|
| COST | | | | |
| At 1 January 2022 | 343,833 | - | 3,400 | 347,233 |
| Additions | <u>-</u> | <u>195,186</u> | <u>5,933</u> | <u>201,119</u> |
| At 31 December 2022 | 343,833 | 195,186 | 9,333 | 548,352 |
| DEPRECIATION | | | | |
| At 1 January 2022 | 27,178 | - | - | 27,178 |
| Charge for year | <u>1,439</u> | <u>1,626</u> | <u>520</u> | <u>3,585</u> |
| At 31 December 2022 | 28,617 | 1,626 | 520 | 30,763 |
| NET BOOK VALUE | | | | |
| At 31 December 2022 | <u>315,216</u> | <u>193,560</u> | <u>8,813</u> | <u>517,589</u> |
| At 31 December 2021 | <u>316,655</u> | <u>-</u> | <u>3,400</u> | <u>320,055</u> |

Included in cost or valuation of land and buildings is freehold land of £200,000 (2021 - £200,000) which is not depreciated.

Pictures in the permanent collection, not included in the balance sheet as at 31 December 2022, amounted to £29,894 (2021 - £29,894) on a historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

14. FIXED ASSET INVESTMENTS

| | Unrestricted Fund £ | 2022 £ | 2021 £ |
|--|---------------------------|---------------|---------------|
| Market value at 1 January 2022 | 15,447 | 15,447 | 15,103 |
| Additions at cost | - | - | 143 |
| Sale proceeds on disposal | - | - | - |
| Gain/(loss) in the year: | | | |
| - realised | - | - | - |
| - unrealised | 2,640 | 2,640 | 201 |
| | <u>18,087</u> | <u>18,087</u> | <u>15,447</u> |
| Total market value of investments at 31 December 2022 | <u>18,087</u> | <u>18,087</u> | <u>15,447</u> |
| Historic cost at 31 December 2022 | <u>12,130</u> | <u>12,130</u> | <u>12,130</u> |

The following UK listed investments represent more than 5% of the portfolio valuation.

| | 2022 £ | 2021 £ |
|-------------------|---------------|---------------|
| Unilever | 10,037 | 9,469 |
| Royal Dutch Shell | <u>7,025</u> | <u>4,218</u> |
| | <u>17,062</u> | <u>13,687</u> |

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 £ | 2021 £ |
|---------------|--------------|---------------|
| Trade debtors | 3,822 | 2,910 |
| Other debtors | - | 30,270 |
| Prepayments | <u>2,076</u> | <u>2,617</u> |
| | <u>5,898</u> | <u>35,797</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | 2021 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 9,374 | 3,179 |
| Social security and other taxes | 5,063 | 5,697 |
| Other creditors | 356 | 363 |
| Accruals and deferred income | <u>39,011</u> | <u>38,302</u> |
| | <u>53,804</u> | <u>47,541</u> |

Included within accruals and deferred income as at 31 December 2022 is the following:

Deferred gallery income totalling £3,713 (2021 - £2,743)

Deferred membership income and entry fees totalling £11,665 (2021 - £11,465)

Deferred donations and grants totalling £9,193 (2021 - £7,590)

Deferred sponsorship £1,000 (2021 £nil)

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2022 | 2021 |
|----------------------------|--------------|------------|
| | £ | £ |
| Within one year | 944 | 575 |
| Between one and five years | <u>944</u> | <u>-</u> |
| | <u>1,888</u> | <u>575</u> |

Operating lease payments represent rentals payable by the charity for certain items of equipment. No restrictions are placed on the use of these assets and the average lease term is 3 years. All leases are on a fixed repayments basis and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. MOVEMENT IN FUNDS

| | At 1.1.22 £ | Net movement in funds £ | Transfers between funds £ | At 31.12.22 £ |
|--|----------------------------|----------------------------------|------------------------------------|---------------------------|
| Unrestricted funds | | | | |
| Unrestricted fund - General fund | 88,548 | (28,910) | 36,799 | 96,437 |
| Designated fund - Brook Street Building Fixed Asset fund | 316,655 | (1,439) | - | 315,216 |
| Designated fund - Renovation fund | 180,281 | - | (180,281) | - |
| Designated fund - Repairs fund | 18,150 | (5,221) | 27,071 | 40,000 |
| Designated fund - Reserve fund | 60,000 | - | - | 60,000 |
| Designated fund - Donated for events | 802 | - | - | 802 |
| Designated fund - Property Improvements Fixed Asset fund | - | (1,626) | 195,186 | 193,560 |
| | <u>664,436</u> | <u>(37,196)</u> | <u>78,775</u> | <u>706,015</u> |
| Restricted funds | | | | |
| Governance Review | 4,200 | (4,215) | 15 | - |
| Renovation fund | 35,280 | 43,510 | (78,790) | - |
| | <u>39,480</u> | <u>39,295</u> | <u>(78,775)</u> | <u>-</u> |
| TOTAL FUNDS | <u>703,916</u> | <u>2,099</u> | <u>-</u> | <u>706,015</u> |
| Net movement in funds, included in the above are as follows: | | | | |
| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
| Unrestricted funds | | | | |
| Unrestricted fund - General fund | 129,660 | (161,211) | 2,641 | (28,910) |
| Designated fund - Brook Street Building Fixed Asset fund | - | (1,439) | - | (1,439) |
| Designated fund - Repairs fund | - | (5,221) | - | (5,221) |
| Designated fund - Property Improvements Fixed Asset fund | - | (1,626) | - | (1,626) |
| | <u>129,660</u> | <u>(169,497)</u> | <u>2,641</u> | <u>(37,196)</u> |
| Restricted funds | | | | |
| Prize fund | 4,400 | (4,400) | - | - |
| Governance Review | - | (4,215) | - | (4,215) |
| Renovation fund | 100,636 | (57,126) | - | 43,510 |
| Women Artist Catalogue | 1,500 | (1,500) | - | - |
| | <u>106,536</u> | <u>(67,241)</u> | <u>-</u> | <u>39,295</u> |
| TOTAL FUNDS | <u>236,196</u> | <u>(236,738)</u> | <u>2,641</u> | <u>2,099</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

| | At 1.1.21 £ | Net movement in funds £ | Transfers between funds £ | At 31.12.21 £ |
|---|----------------|----------------------------------|------------------------------------|---------------------|
| Unrestricted funds | | | | |
| Unrestricted fund - General fund | 35,330 | 54,496 | (1,278) | 88,548 |
| Designated fund - Brook Street Building Fixed Asset fund | 318,094 | (1,439) | - | 316,655 |
| Designated fund - Renovation fund | 180,281 | - | - | 180,281 |
| Designated fund - Repairs fund | 20,000 | (1,850) | - | 18,150 |
| Designated fund - Reserve fund | 60,000 | - | - | 60,000 |
| Designated fund - Donated for events | - | 802 | - | 802 |
| | <u>613,705</u> | <u>52,009</u> | <u>(1,278)</u> | <u>664,436</u> |
| Restricted funds | | | | |
| GBSLEP Online Shop Research & Development | (550) | (728) | 1,278 | - |
| Governance Review | - | 4,200 | - | 4,200 |
| Renovation fund | - | 35,280 | - | 35,280 |
| | <u>(550)</u> | <u>38,752</u> | <u>1,278</u> | <u>39,480</u> |
| TOTAL FUNDS | <u>613,155</u> | <u>90,761</u> | <u>-</u> | <u>703,916</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|--|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| Unrestricted fund - General fund | 180,428 | (126,132) | 200 | 54,496 |
| Designated fund - Brook Street Building | | | | |
| Fixed Asset fund | - | (1,439) | - | (1,439) |
| Designated fund - Repairs fund | - | (1,850) | - | (1,850) |
| Designated fund - Donated for events | 802 | - | - | 802 |
| | 181,230 | (129,421) | 200 | 52,009 |
| Restricted funds | | | | |
| Prize fund | 1,750 | (1,750) | - | - |
| GBSLEP Online Shop Research & Development | 3,000 | (3,728) | - | (728) |
| Ladywood Community Centre Project | 3,000 | (3,000) | - | - |
| Governance Review | 4,500 | (300) | - | 4,200 |
| Renovation fund | 41,987 | (6,707) | - | 35,280 |
| | 54,237 | (15,485) | - | 38,752 |
| TOTAL FUNDS | <u>235,467</u> | <u>(144,906)</u> | <u>200</u> | <u>90,761</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

| | At 1.1.21 £ | Net movement in funds £ | Transfers between funds £ | At 31.12.22 £ |
|---|----------------|----------------------------------|------------------------------------|---------------------|
| Unrestricted funds | | | | |
| Unrestricted fund - General fund | 35,330 | 25,586 | 35,521 | 96,437 |
| Designated fund - Brook Street Building Fixed Asset fund | 318,094 | (2,878) | - | 315,216 |
| Designated fund - Renovation fund | 180,281 | - | (180,281) | - |
| Designated fund - Repairs fund | 20,000 | (7,071) | 27,071 | 40,000 |
| Designated fund - Reserve fund | 60,000 | - | - | 60,000 |
| Designated fund - Donated for events | - | 802 | - | 802 |
| Designated fund - Property Improvements Fixed Asset fund | - | (1,626) | 195,186 | 193,560 |
| | <u>613,705</u> | <u>14,813</u> | <u>77,497</u> | <u>706,015</u> |
| Restricted funds | | | | |
| GBSLEP Online Shop Research & Development | (550) | (728) | 1,278 | - |
| Governance Review | - | (15) | 15 | - |
| Renovation fund | - | <u>78,790</u> | <u>(78,790)</u> | - |
| | <u>(550)</u> | <u>78,047</u> | <u>(77,497)</u> | - |
| TOTAL FUNDS | <u>613,155</u> | <u>92,860</u> | <u>-</u> | <u>706,015</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| Unrestricted fund - General fund | 310,088 | (287,343) | 2,841 | 25,586 |
| Designated fund - Brook Street Building Fixed Asset fund | - | (2,878) | - | (2,878) |
| Designated fund - Repairs fund | - | (7,071) | - | (7,071) |
| Designated fund - Donated for events | 802 | - | - | 802 |
| Designated fund - Property Improvements Fixed Asset fund | - | (1,626) | - | (1,626) |
| | <u>310,890</u> | <u>(298,918)</u> | <u>2,841</u> | <u>14,813</u> |
| Restricted funds | | | | |
| Prize fund | 6,150 | (6,150) | - | - |
| GBSLEP Online Shop Research & Development | 3,000 | (3,728) | - | (728) |
| Ladywood Community Centre Project | 3,000 | (3,000) | - | - |
| Governance Review | 4,500 | (4,515) | - | (15) |
| Renovation fund | 142,623 | (63,833) | - | 78,790 |
| Women Artist Catalogue | <u>1,500</u> | <u>(1,500)</u> | <u>-</u> | <u>-</u> |
| | <u>160,773</u> | <u>(82,726)</u> | <u>-</u> | <u>78,047</u> |
| TOTAL FUNDS | <u>471,663</u> | <u>(381,644)</u> | <u>2,841</u> | <u>92,860</u> |

Purpose of unrestricted fundsUnrestricted fund - General fund

This fund represents the free funds of the charity that are not designated for particular purposes.

Designated fund - Brook Street Building Fixed Asset fund

This fund consists of unrestricted funds that have been set aside by the trustees and represents funds spent by the charity on the acquisition and refurbishment of the charity's freehold building which are shown separately from the charity's General fund.

Designated fund - Renovations fund

This fund consists of unrestricted funds that have been set aside by the trustees for the renovation works to the charity's freehold building located at Brook Street in Birmingham. All renovation work was completed in September 2022.

18. MOVEMENT IN FUNDS - continued

Designated fund - Repairs fund

This fund consists of unrestricted funds that have been set aside by the trustees for the on-going maintenance of the charity's freehold building located at Brook Street in Birmingham.

Designated fund - Reserve fund

This designated fund represents the approximate costs that would be incurred if the charity, for whatever reason, is unable to continue operating as a going concern.

Designated fund - Donated for Friends events

The Birmingham Midland Pastel Society have very generously donated £802 to support future Friends talks & events.

Designated fund – Property Improvements Fixed Asset fund

This fund consists of unrestricted funds that have been set aside by the trustees and represents funds spent by the charity on the property improvements of the charity's freehold building which are shown separately from the charity's General fund.

Purpose of restricted funds

Prize fund

This fund holds monies donated for cash prizes awarded at Royal Birmingham Society of Artists prize exhibitions.

Arts Council England Emergency Response Fund

In response to the Covid-19 crisis, ACE made emergency funding available to organisations who needed immediate support. The grant supported the business through the first lockdown period and covered fees to freelance artists who were due to run workshops in Summer 2020. A small amount also provided laptops to support staff members working remotely. This fund was fully expended as at 31 December 2020.

GBSLEP Online Shop Research & Development

Greater Birmingham and Solihull Local Enterprise Partnership grant to research and develop an online shop from November 2020 to Feb 2021. The shop launched in November 2020. This fund was fully expended as at 31 December 2021.

Ladywood Community Centre Project

The Ladywood Community Project provides help and support to families and the local community. They help those on low incomes or in extreme financial hardship to manage their day to day needs by encouraging them to feel part.

Artist and printmaker Karoline Rerrie worked with the community centre coordinators to design a printmaking project where the final piece became a wall hanging which featured in the annual Christmas Grotto. The project ran from September to December 2021 with an initial session at RBSA Gallery and further sessions at Ladywood Community Project. Participants ranged in age from very young children, school aged children, parents and grandparents. The results of all participants printmaking were brought together in the final wall hanging. This fund was fully expended as at 31 December 2021.

18. MOVEMENT IN FUNDS - continued

Governance Review - funded by West Midlands Museums Development

The funded activity is supporting a board review of governance and diversity and the rewriting of the Articles of Association with legal support. This fund was fully expended in March 2022.

Renovation fund

To support the renovation and refurbishment of the RBSA Gallery. After over 20 years in this location, we need to refurbish the existing windows and front door (which are in a bad state of repair) and redevelop the ground floor of the building to increase visitor figures and improve our retail offer to increase sales, crucial in the post COVID climate. This fund was fully expended in September 2022.

19. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution schemes

The charity contributes to the individual pension schemes of certain employees. The assets of these schemes are held separately from those of the charity in independently administered funds.

The total contributions for the year amounted to £1,723 (2021 - £1,717) and outstanding contributions as at 31 December 2022 amounted to £356 (2021 - £363).

20. RELATED PARTY DISCLOSURES

As part of the ordinary activities of the charity, members (including trustees) may be paid for works of art sold by the gallery and may also be paid for workshop tutor fees. Any such transactions are made on similar terms to those paid to unconnected third parties.

21. ULTIMATE CONTROLLING PARTY

The charity is controlled by the trustees as listed in the Report of the Trustees.