

**The Contemporary Art Society  
(A charitable company limited by  
guarantee)**

Trustees' Report and Financial Statements  
For the year ended 31 March 2006

Charity Number: 208178  
Company Number: 255486



# THE CONTEMPORARY ART SOCIETY CONTEMPORARY ART SOCIETY

## TRUSTEES' ANNUAL REPORT

The Trustees are pleased to present their annual report for the year ended 31<sup>st</sup> March 2006.  
This report has been reformatted from previous years, to comply with SORP 2005.

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### Section 1: Reference and Administrative Details

CHARITY NUMBER	208178
COMPANY NUMBER	255486
REGISTERED OFFICE	Bloomsbury House 74-77 Great Russell Street London WC1B 3DA

### DIRECTORS AND TRUSTEES

The directors of the charitable company are its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees.

Oliver Prens	- Chairman (resigned 14 March 2006)
Alison Myners	- Chairman (appointed 14 March 2006)
Lance Blackstone	- Honorary Secretary
Pesh Framjee	- Honorary Treasurer
Mark Stephens	- Honorary Solicitor
Doris Lockhart Saatchi	
Caroline Summerfield	
Roberta Thomson	
Vicente Todoli	
Edwin Wulfsohn	

DIRECTOR	Gill Hedley
SOLICITORS	Finers Stephens Innocent 179 Great Portland Street London W1W 5LS
BANKERS	Lloyds TSB Bank plc Victoria House Southampton Row London WC1B 5HR
AUDITORS	Mazars LLP 24 Bevis Marks London EC3A 7NR

## **THE CONTEMPORARY ART SOCIETY**

### **Section 2. Structure, Governance and Management**

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#### **CONSTITUTION**

The Contemporary Art Society is a charitable company limited by guarantee, registered on 7<sup>th</sup> April 1931, and is governed by the Memorandum & Articles of Association. It was registered as a charity with the Charity Commission on 22 September 1962.

The trustees, who are identified on the preceding page, present their report and the financial statements for the year ended 31 March 2006 which have been prepared in accordance with the Companies Act 1985, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), and applicable UK accounting standards.

#### **TRUSTEE INDUCTION AND TRAINING**

All candidates for trusteeship have discussions during the selection process on the role they will be expected to take. These discussions involve the Director and the Chairman and can include other existing trustees, dependent on the position to be filled.

On election, a new trustee is sent a pack of information about CAS which includes:

- Articles and Memorandum of Association
- Historical information about CAS
- Recent quarterly and annual reports and accounts
- Trustee meeting minutes
- Recent publications and catalogues
- Any other matter about CAS activities that is relevant at the time (for example, forthcoming exhibitions, events and major grants-funded programmes).

Recent articles or publications about the role of trustees from organisations from such organisations as the NCVO and the Charity Commission are available to trustees to provide guidance and assurance. The Chairman and Director are always available to assist trustees with any queries they may have.

#### **ORGANISATION**

The board of trustees, which can have up to 15 members, directs the charity through quarterly meetings. In 2005-06 a new Chairman was identified to replace Oliver Prens who was in his third three-year term and would have stepped down in 2007, in accordance with the Society's constitution. The new Chairman is Alison Myners, who has worked with several other charities and in broadcasting. She has a strong interest in contemporary art and is a Trustee of the Royal Academy of Arts Trust.

A sub-committee called the Management Working Group, also meets quarterly in advance of trustee meetings, to review in detail the charity's financial affairs. There is also a Remuneration sub-committee which meets once or twice annually with the Director to review staff salaries and other benefits. From time to time other sub committees may be formed to support specific needs.

The Management Working Group committee will be renamed the Finance and Audit Committee in the next financial year (2006-07) and will be chaired by the Honorary Treasurer.

#### **RISK MANAGEMENT**

The risk register has been in existence for three years now and is updated regularly to reflect the development of management processes to address newly identified risks and the implementation of controls and procedures to manage and mitigate previously identified risks.

#### **SUBSIDIARY COMPANY**

Companies House have been requested to strike off the subsidiary company, CAS Projects Ltd, to reflect that commercial activity is integral to CAS' charitable objectives. Confirmation is due in mid 2006.

### Section 3. Mission Statement, Objectives and Activities

Contemporary Art Society promotes the collecting of contemporary art, through gifts to public museums, and providing advice and guidance offered to companies and individuals.

In 2005-2006, CAS's specific objectives were to:

1. Allocate and distribute to member museums works of art acquired over the past four years and shown in the **ShowCASE** exhibition in Edinburgh in January-March 2005.
2. Carry out a detailed evaluation of the results of the Special Collection Scheme and its impact on the museums it supported from 1997 – 2005
3. Share this evaluation and related research with CAS funders, partners, media and other interested bodies, through a programme of events and advocacy.
4. Complete the first phase of the National Collecting Scheme for Scotland on time and to budget, and progress the NCSS commissions project.
5. Assess the future potential for funding, audience and delivery of continuations of the Collection Scheme and formulate a new strategy for museums support.
6. Continue the members' events programme, CAS and Blood, through regular bus and walking tours in London and more extensive trips elsewhere, and an associated education programme.
7. Continue to generate revenue by offering consultancy services on new and existing art collections and commissions.
8. Hold the annual art market event, **ARTfutures**, in a new venue, Bloomberg SPACE, and put more focus on targeted marketing to attract a bigger audience.
9. Evaluate CAS membership and donations programme
10. Create a marketing strategy for CAS

### Section 4. Achievements and Performance

#### MUSEUMS

##### ShowCASE Distribution

As well as delivering the purchase and educational aspects of the Special Collection Scheme, CAS was also able to make a large number of gifts to its member museums through the regular distribution process. At the beginning of 2005, **ShowCASE** opened in two venues in Edinburgh to put on view all recent purchases of fine art and craft for presentation to CAS member museums. In addition, in February 2005, museum curators were able to attend a special viewing day of works given or bequeathed to CAS. A discussion was held with curators and funders about the future role of CAS with regional museums.

The exhibition was open to the public, at the City Art Centre and Talbot Rice Gallery, giving CAS an opportunity to introduce its work to a Scottish audience and register its strong links with the National Collecting Scheme for Scotland.

CAS member museums were then invited to submit their request for works, with accompanying statements to justify their choices. CAS curators deliberated the museums' requests, ensuring the allocation of artworks was as fair as possible. In some cases there were more than a dozen requests for the same work, so this was an exacting task.

This resulted in the distribution through autumn 2005 of:

- 86 purchases
- 66 gifts
- of which 104 were of fine art and 48 craft
- to our 95 museum collections.

A small number of works remain in store for future allocation.

Since the distribution CAS has received further gifts and bequests. These include works by:

- Michael Craig-Martin and Abigail Lane given by an anonymous donor
- 17 prints by the late Ian Hamilton Finlay, bequeathed to CAS by the late David Brown a previous CAS buyer
- A portfolio of work by Justin Knowles, also received as a bequest
- These have a total value of £168,000

## THE CONTEMPORARY ART SOCIETY

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These works will be given to museums along with the Tom Bendhem Bequest and the Ann Sutton Gift in winter 2006/07. This will be the first time for many years that CAS has made substantial gifts to museums in two consecutive years.

CAS also received income from the touring exhibition *Tom Bendhem: Collector*, which, including sales of catalogues, totalled over £10,000. The exhibition has not only celebrated Tom's generosity and the work of CAS, but has been used as a mechanism to encourage regional membership of CAS. It toured to:

- Ben Uri Gallery, London
- Laing Art Gallery, Newcastle
- Bristol Museum and Art Gallery
- Gallery Oldham
- Huddersfield Art Gallery
- York Art Gallery

## THE SPECIAL COLLECTION SCHEME: Evaluation and Advocacy

The Special Collections Scheme, a major Lottery-funded initiative, concluded in March 2005 after seven years of work with 18 member museum collections. CAS commissioned a formal evaluation from an independent consultant, Val Millington, whose previous career has given her experience of both museums and the regional Arts Councils and is currently Chair of Spike Island in Bristol. The evaluation was supported by grants from the Esmée Fairbairn Foundation and Arts Council England. The evaluation, which celebrates the success of the SCS, was launched in October 2005 at an event at Frieze Art Fair which was attended by the media, major funders and museum curators.

CAS also received a grant from Arts Council England, working in partnership with museums in the West Midlands Hub, to mark Museums & Galleries Month in May 2005. The theme was "The Art of Collecting" and CAS staged an advocacy event at the house of the collector Doris Lockhart Saatchi, to which arts decision-makers and press were invited. This coincided with the publication by CAS, in collaboration with the West Midlands Hub, of two papers, "Collecting in Crisis: Contemporary Art in Regional Galleries", and "Hopeful Signs", an additional briefing paper. These, together with the evaluation of SCS, are available on the [www.contempart.org.uk](http://www.contempart.org.uk)

Additionally, CAS sent a questionnaire to every collection-based art gallery in Britain asking about their collection policies and funding. The results underline the importance of contemporary art to galleries today: over 95% of respondents either collected or aspire to collect contemporary art and/or craft. Current funding restrictions and priorities mean that the purchasing opportunities and curatorial development programmes that were offered under the Special Collection Scheme are not available to the majority of curators:

- Almost 89% of respondents cite lack of funding as the main constraint that prevents the acquisition as contemporary art.
- Less than 29% had seen any increase in their budgets over the last five years, at a time when prices are rising in the international contemporary art market.
- Only 5.3% of respondents were able regularly to travel abroad, and less than 11% indicated that research and travel are a high priority.

It was vital that, at the end of this phase of SCS, CAS was still actively involved in continuing professional development, networking and international visits. It was therefore very welcome that the Calouste Gulbenkian Foundation in London awarded CAS a grant that enabled a group of 13 curators from 12 museums, accompanied by Ceri Lewis, CAS Curator, to spend a week in Portugal in November 2005, visiting private collections, museums and commercial galleries in Oporto and Lisbon. Museum purchases and an exhibition have been the direct result.

## NATIONAL COLLECTING SCHEME FOR SCOTLAND

The first phase of the National Collecting Scheme for Scotland finished on 31 March 2006. The year began with a research trip by curators from Orkney and CAS staff to Sweden and Denmark, visiting institutions and galleries. Museums continued to purchase works of art and craft throughout the year, with most completing on target by 31 March. Almost £230,000 was spent on 54 works of art over the three years of the Scheme and a further 18 purchases were still in process at the year-end.

The NCSS, guided by CAS, has also lead to two major commissions funded by the Lottery through the Scottish Arts Council. Joanne Tatham and Tom O'Sullivan will create a public performance for autumn 2006, which will include works that will be jointly owned by all six participating museums. A site-specific commission for Aberdeen Art

## THE CONTEMPORARY ART SOCIETY

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Gallery & Museums, collaboration between silversmith John Creed and Lindean Glass, will be created at the same time.

Participating museum in NCSS are:

- Aberdeen Art Gallery & Museums
- McManus Galleries, Dundee
- Edinburgh City Art Centre
- The Hunterian Art Gallery, University of Glasgow.
- Paisley Museum & Art Galleries
- The Pier Arts Centre, Stromness, Orkney

### FUTURE STRATEGY FOR CAS AND ITS WORK WITH MUSEUMS

CAS has been evaluating its work with museums. The practice of quadrennial distributions of gifts is not a sufficient response to the needs of the most active museums. Smaller museums, however, have no other source of contemporary acquisitions. The Collection Scheme approach has been highly successful but public funds on the necessary scale are not available.

In December 2005, with support of ACE, CAS commissioned a major strategic review, consulting staff, trustees, museum curators, funders and other art-world figures, to determine the challenges facing it as it heads, with a new Chairman, towards its centenary in 2010, and to work out the best way to work with museums and others to promote contemporary art collecting. The results of this review will be known in the next financial year and will form the basis of a business plan to take CAS forward.

Discussions continue with both public and private funders about the future, and best ways of working. In March 2006, Alison Myrers held her first meeting as the new Chairman of CAS with David Lammy, the Minister for Culture. It is vital that CAS's voice, as an authority on the role of contemporary collecting, continues to be heard at all levels.

CAS's Director was part of the working group for Arts Council England's Review of the Presentation of Visual Arts, the results of which were summarised in *"Turning Point"*, published on 28 June 2006. It states:

*"We will build on the work of the Contemporary Art Society's scheme, funded by the National Lottery, which brought over 600 works, including major craft collections."*

The first grant to CAS in the post-Lottery period was awarded by the Calouste Gulbenkian Foundation, London. £30,000 has been promised to extend CAS' work with museums. CAS has a long-standing relationship with the Gulbenkian, not least as recent advisors to their British collection in Portugal. The Foundation has always demonstrated support for UK museums and galleries not least through its establishment of the prestigious *Gulbenkian Prize for Museums and Galleries*.

### MEMBERSHIP AND BLOOD: EVENTS AND EDUCATION

CAS and Blood events continued throughout the year with record levels of bookings for CAS bus tours, and in most months, a waiting list. Exclusive visits to private collections remain very popular

The highlight of the year was a long-planned trip to China to Beijing, Shanghai and Guangzhou, visiting museums, galleries, studios and private collections, culminating in the opening of the Guangzhou Triennial.

Other significant events included the launch of a major commission by Adam Dant for etc.venues, one of CAS's biggest corporate clients, a talks' programme at the Glasgow Art Fair, and a full programme of educational events at *ARTfutures* 2005.

Blood re-launched its design and website, with a grant from Arts Council England. It has continued to expand membership and the range of its programme to include weekend brunches with talks and an annual overseas weekend.

### CONSULTANCY AND ADVISORY SERVICES

In July 2004, CAS won the contract from BAA to commission an artist to make sculptural work for the interchange plaza at the new Heathrow Terminal 5, due to open in 2008. In June 2005 it was announced that the artists Langlands & Bell had been selected.

"Moving World" will be executed in glass and neon and will be CAS' biggest commercial commission for several years. The curator has been working closely with the artists, BAA and their suppliers, to ensure that the specifications are precise and work is carried out satisfactorily. The work will be installed in 2007.

CAS continues to manage The Economist's exhibition programme at their landmark headquarters in St James's. This remains the only outdoor public space in central London committed to a continuous programme of sculptural work by contemporary artists. There are six exhibitions a year. In 2005-06 the management was brought in-house so that exhibitions are now better coordinated with other CAS membership and marketing events. This change has strengthened CAS' long-standing relationship with the Economist.

etc.venues has been a corporate client since 2003. The relationship has developed steadily as etc.venues has acquired more premises and CAS has not only advised on an art strategy for the company but helped create a collection through purchases and commissions.

CAS has now overseen art installations in all five of their venues throughout central London. Two major commissions, by Adam Dant and Lothar Gotz, were made for etc.venue's Hatton Garden premises.

CAS has worked with a range of other corporate and private clients throughout the year, advising on existing art collections, and assisting in the development of new ones. There has also been fee income from delivering talks and seminars for a wide variety of clients and educational institutions. Total fee income for the year was over £60,000, a significant improvement on the previous year.

### **ARTfutures 2005**

**ARTfutures**, CAS's annual art market, moved in November 2005 from the City of London School to Bloomberg SPACE in the City of London.

This public exhibition space is operated by Bloomberg as a key part of their cultural and philanthropic ventures, and has become a highly-regarded venue, with an international programme of challenging exhibitions selected by a group of independent curators. **ARTfutures** was a new venture for Bloomberg Space and their support was invaluable. They appreciated the fact that while the event is a commercial one, its charitable and educational remit is equally strong.

It resulted in record attendance at the gallery, with a fully booked programme of events on every week night and both weekend days of the market, some exclusive to specific corporate or art world audiences and some open to the public. Sales of art almost doubled on the previous year to £235,640. CAS takes 40% of each sale and gives 60% to the artist.

Much more focus was given to marketing and sponsorship than in recent years. It was supported by a marketing grant from Arts Council England and a transport grant from the Scottish Arts Council, plus sponsorship from ArtReview magazine, Perrier Jouët champagne, Cobra beer and City Inn Hotels. This resulted in a modest profit for CAS of almost £11,000, which reverses the trend of the two previous markets, which had shown a net loss. Most importantly, with continuing support from Bloomberg, there is potential for **ARTfutures** to reposition itself as a vital ingredient of the rich mix of art fairs and sales within London. With its twenty-year history and loyal following, **ARTfutures** is poised to develop even further and return to the profits of previous years.

### **FUTURE STRATEGY**

In December 2005, with the announcement of a new Chairman and the departure of two members of staff, a strategic and organisational review was commissioned from Marc Jordan, with funding from Arts Council England. Marc is co-author of the recent major Review of the Presentation of Contemporary Visual Arts commissioned by ACE.

The consultant has looked at: governance; management; staffing; member museums; advocacy; membership; Blood; events; education; fundraising; marketing & branding; advisory services and **ARTfutures**.

A new mission, strategic objectives and an implementation plan will be created for 2006/7 with a determination and ambition to build on CAS's reputation and significance in the contemporary art sector.

## Section 5. Financial Review RESULTS

The results of the Society for the year ended 31 March 2006 are set out in the financial statements on pages 8 to 16.

### RESERVES POLICY

The Trustees review the reserves of the charity annually. This review encompasses the nature of the income and expenditure streams, the need to match variable income with ongoing commitments and the nature of the reserves. In the previous financial year this review concluded that the charity should hold in an expendable endowment fund the bequeathed property at 19 Cresswell Place, London, SW10. This investment property was refurbished during the first half of the financial year, and since October 2005, is generating income for CAS's charitable activities. CAS is receiving rental income from the main studio (a flat with garage), and the second garage which has been walled off and let separately to maximise revenue.

This leaves in the unrestricted funds £667,127 of which £611,033 constitutes free reserves, and the trustees believe this to be the right amount to hold to support working capital and to develop the growth of charitable activity. The balance of the funds, £240,218, is held as restricted funds.

The analysis and movement of restricted funds is explained in note 9 to the financial statements.

### INVESTMENT POLICY

CAS has minimal stock market investments and most of the funds are held in short term deposits to maximise income pending application of funds. Through the Tom Bendhem Bequest, CAS took possession of a valuable property in London in July 2004. The trustees reviewed the situation on attaining ownership and decided to renovate the property at a cost of £50,000 and then to offer it for rental. This has now happened and in the first six months a rental income of £17,435 was received. The rental income for 2006/07 is projected to be £39,320. The actual cost of refurbishment was £45,078.

### STATEMENT OF TRUSTEES' RESPONSIBILITY

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 Society at the end of the financial year and its surplus and deficit for the financial year.

In doing so, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees at the date of approval of this report confirms that

- 1) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 2) the trustee has taken all the steps that s/he ought to have taken as a trustee to make herself/himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

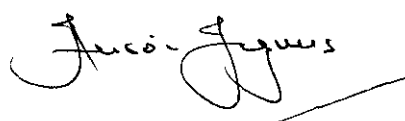
This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### AUDITORS

Mazars LLP have signified their willingness to continue in office. A resolution to reappoint Mazars LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Chairman

Dated:



28th July 2006

**THE CONTEMPORARY ART SOCIETY**  
**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

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**THE CONTEMPORARY ART SOCIETY**

We have audited the financial statements of The Contemporary Art Society for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Charity and Balance Sheets and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

**Respective responsibilities of Trustees and auditors**

As described in The Statement of Trustees' Responsibilities, the Trustees, who are also the directors of The Contemporary Art Society for the purpose of company law, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the Society has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the Society is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

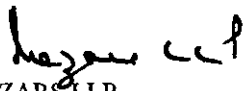
**Basis of audit opinion**

We conducted our audit in accordance with International standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charitable company as at 31 March 2006 and of the company's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
MAZARS LLP  
CHARTERED ACCOUNTANTS  
and Registered Auditor  
24 Bevis Marks, London, EC3A 7NR

Dated:

3 August 2006

## THE CONTEMPORARY ART SOCIETY

**STATEMENT OF FINANCIAL ACTIVITIES**  
 (incorporating income and expenditure account)  
 For the year ended 31 March 2006

	Notes	Unrestricted funds £	Restricted funds £	Expendable Endowment £	Total 31.03.2006 £	31.03.2005 £
<b>INCOMING RESOURCES</b>						
<b>Voluntary Income</b>						
Subscriptions and donations	2	100,819	12,759	-	113,578	115,864
Bequest		23,390	-	-	23,390	695,000
Arts Council Award		80,000	-	-	80,000	80,000
<b>Activities in furtherance of the charity objectives:</b>						
Fees and commissions		348,672	-	-	348,672	175,621
Arts Council Lottery funding	9	-	-	-	-	3,917
Lottery scheme contributions	9	-	7,319	-	7,319	784,832
Other grants	3, 9	-	75,523	-	75,523	325,793
Ticket sales for events for members		68,354	-	-	68,354	31,770
Other income		6,437	-	-	6,437	1,228
<b>Investment income:</b>						
Interest and dividends		22,737	-	-	22,737	28,471
Total incoming resources		650,409	95,601	-	746,010	2,242,496
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds:</b>						
Fundraising costs		68,822	17,280	-	86,102	75,255
<b>Charitable activities:</b>						
Advice, training and collection support		471,671	61,467	-	533,138	456,703
Art purchases		-	124,378	-	124,378	1,092,975
Members' events and support activities		146,710	5,732	-	152,442	100,602
		618,381	191,577	-	809,958	1,650,280
<b>Governance Costs</b>		22,115	-	-	22,115	19,089
Total resources expended	4	709,318	208,857	-	918,175	1,744,624
Net incoming/(outgoing) resources		(58,909)	(113,256)	-	(172,165)	497,872
<b>Other recognised gains and losses</b>						
Revaluation of investments	6	(81)	-	149,922	149,841	4,357
		(58,990)	(113,256)	149,922	(22,324)	502,229
Transfers	9	(52,722)	7,644	45,078	-	-
Net movement in funds		(111,712)	(105,612)	195,000	(22,324)	502,229
Fund balances brought forward		778,839	345,830	700,000	1,824,669	1,322,440
Fund balances carried forward	9	£667,127	£240,218	£895,000	£1,802,345	£1,824,669

The above figures all relate to continuing operations and include all recognised surpluses and deficits.

## THE CONTEMPORARY ART SOCIETY

## BALANCE SHEET at 31 March 2006

	Notes	31.03.2006 £	31.03.2005 £
FIXED ASSETS			
Tangible assets	5	8,969	9,227
Investments	6	906,830	711,911
Works of art		35,295	35,295
		<u>951,094</u>	<u>756,433</u>
CURRENT ASSETS			
Stock	12	191,250	220,975
Debtors	7	54,147	537,024
Short term deposits		618,986	77,263
Cash at bank and in hand		23,253	262,307
		<u>887,636</u>	<u>1,097,569</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	8	36,385	29,333
NET CURRENT ASSETS		<u>851,251</u>	<u>1,068,236</u>
NET ASSETS		<u>£1,802,345</u>	<u>£1,824,669</u>
Represented by:			
UNRESTRICTED INCOME FUNDS		667,127	778,839
RESTRICTED INCOME FUNDS		240,218	345,830
EXPENDABLE ENDOWMENT FUND		895,000	700,000
TOTAL FUNDS	9	<u>£1,802,345</u>	<u>£1,824,669</u>

The financial statements on pages 8 to 16 were approved by the Trustees on :

Chairman

*Jessie Jones*

Dated:

*22nd July 2006*

## THE CONTEMPORARY ART SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

#### 1. ACCOUNTING POLICIES

##### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments, which have been included at market value, and stocks, which are at replacement value. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable UK accounting standards and the Companies Act 1985. Corresponding amounts have been restated where relevant so as to comply with SORP 2005.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

##### (b) Incoming Resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable certainty. For legacies, entitlement is established once the charity has been notified of an impending distribution. Membership subscriptions are treated as donations and are accounted for when received.

##### (c) Expenditure

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements.

Charitable expenditure and administration costs comprise direct expenditure including direct staff costs attributable to the charity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources.

Art purchases are charged to expenditure in the year the purchase is made although not all purchases in a year are distributed in the year.

Fundraising and publicity costs are those incurred in seeking voluntary contributions for the Society, and in publicising the Society. Governance costs are those incurred in connection with the management of the Society's assets, organisation administration and compliance with constitutional and statutory requirements.

##### (d) Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objective of the charity. Where funds are received under contracts to provide services they are treated as unrestricted.

Expendable endowment funds comprise funds held on trust to be retained for the benefit of the charity as a capital fund. The Trustees have power of discretion to convert endowed capital into income.

# THE CONTEMPORARY ART SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006 (continued)

### 1. ACCOUNTING POLICIES (continued)

- (d) Restricted funds are funds which are to be used in accordance with restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Where funds are expended in advance and in genuine anticipation of receiving restricted funding a negative restricted fund is created.

(e) **Pension**

The charity has arranged a defined contribution pension scheme for all members of staff. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

(f) **Tangible fixed assets**

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Computer equipment	20% per annum
Other equipment	10% per annum

Small capital additions which do not exceed £500 are expensed in full in the year of acquisition.

(g) **Stocks**

Stocks comprise works of art, carried at probate value, that have been bequeathed to the charity. Art that has been purchased for distribution is deemed to have a nil realisable value and is expended in the year of purchase and not included within stock.

(h) **Investments**

Investments are stated at market value. It is the Society's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of investment portfolio throughout the year.

(i) **Operating Leases**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

(j) **Consolidation**

Consolidation of accounts by the Society and its subsidiary have not been prepared because, in the opinion of the Trustees, the subsidiary is dormant, and in the process of being struck off.

### 2. SUBSCRIPTIONS AND DONATIONS

	31.03.2006	31.03.2005
	£	£
Individuals	50,578	52,564
Public Art Galleries	63,000	63,300
	<u>£113,578</u>	<u>£115,864</u>

# THE CONTEMPORARY ART SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006 (continued)

### 3. GRANTS

	31.03.2006	31.03.2005
	£	£
Scottish Arts Council - NCSS (Lottery) Commission	-	63,447
Scottish Arts Council - NCSS Lottery	-	238,000
Scottish Arts Council - Craft	13,500	-
Scottish Arts Council - Purchses	18,000	-
Stanley Thomas Johnson - ShowCAsE	-	19,999
Arts Council of England - BLOOD Development	483	4,347
Arts Council of England - Evaluation	5,400	-
Arts Council of England - Organisational Review	13,140	-
Museum and Galleries	10,000	-
Esmée Fairbairn Foundation	5,000	-
Gulbenkian Foundation	10,000	-
	<u>£75,523</u>	<u>£325,793</u>

### 4. TOTAL RESOURCES EXPENDED

	Allocated Support Costs £	Direct costs £	Total 31.03.2006 £	Total 31.03.2005 £
Cost of generating funds:				
Fundraising costs	<u>60,062</u>	<u>26,040</u>	<u>86,102</u>	<u>75,255</u>
Charitable activities:				
Advice, training and collection support	173,267	359,871	533,138	456,703
Art purchases	-	124,378	124,378	1,092,975
Members' events and support activities	96,751	55,691	152,442	100,602
	<u>270,018</u>	<u>539,940</u>	<u>809,958</u>	<u>1,650,280</u>
Governance Costs	<u>11,209</u>	<u>10,906</u>	<u>22,115</u>	<u>19,089</u>
Total resources expended	<u>£341,289</u>	<u>£576,886</u>	<u>£918,175</u>	<u>£1,744,624</u>

Cost allocation includes an element of judgment and the charity has had to consider the cost benefit of detailed calculations and record keeping.

Support costs include staff salaries, social security and pensions; rent and rates; insurance; IT; postage, couriers and stationery; telephone and fax; cleaners and maintenance; book-keeping and accountancy; bank charges and depreciation.

## THE CONTEMPORARY ART SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006 (continued)

## (a) Staff costs

	Total 31.03.2006 £	Total 31.03.2005 £
Wages and salaries	190,053	171,534
Social security costs	18,393	17,608
Pension	4,902	3,975
Temporary staff - Art Market	13,473	4,679
	<u>£226,821</u>	<u>£197,796</u>
The average number of full time equivalent employees was	7	7

None of the employees received remuneration over £60,000 (2005: nil).

## (b) Trustees

The trustees do not receive any emoluments and did not claim any reimbursement of expenses

	Total 31.03.2006 £	Total 31.03.2005 £
(c) Auditors' remuneration	<u>£5,000</u>	<u>£5,000</u>

## 5. TANGIBLE FIXED ASSETS

	Office Equipment £	Computer Equipment £	Total £
<b>COST</b>			
At 1 April 2005	2,950	19,410	22,360
Additions	-	4,679	4,679
At 31 March 2006	<u>2,950</u>	<u>24,089</u>	<u>27,039</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 April 2005	885	12,248	13,133
Charge for the period	295	4,642	4,937
At 31 March 2006	<u>1,180</u>	<u>16,890</u>	<u>18,070</u>
<b>NET BOOK VALUES</b>			
At 31 March 2006	<u>£1,770</u>	<u>£7,199</u>	<u>£8,969</u>
At 31 March 2005	<u>£2,065</u>	<u>£7,162</u>	<u>£9,227</u>
Depreciation rates	10%	20%	

## THE CONTEMPORARY ART SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006 (continued)

## 6. FIXED ASSETS INVESTMENTS

	Total £	Property £	Listed shares £
Market value at 1 April 2005	711,911	700,000	11,911
Addition - Investment Property	45,078	45,078	-
Gain/(loss) on revaluation	149,841	149,922	(81)
	<hr/>	<hr/>	<hr/>
Market value at 31 March 2006	906,830	895,000	11,830
Historical cost at 31 March 2005	-	-	-
	<hr/>	<hr/>	<hr/>
Unrealised investment gains at 31 March 2006	£906,830	£895,000	£11,830
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The investment property, 19 Cresswell Place, London, SW10 9RB, was bequeathed to the Society on 15 June 2004. The property was revalued by Lurot Brand Ltd (estate agents specialising in mews properties) to £895,000, being the market price stated at the year end.

## 7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.2006 £	31.03.2005 £
Value added tax	-	43,413
Other debtors	46,929	17,312
Prepayments and accrued income	7,218	476,299
	<hr/>	<hr/>
	£54,147	£537,024
	<hr/> <hr/>	<hr/> <hr/>

## 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.2006 £	31.03.2005 £
Creditors	30,364	25,418
Social Security and other taxes	6,021	3,915
	<hr/>	<hr/>
	£36,385	£29,333
	<hr/> <hr/>	<hr/> <hr/>

## THE CONTEMPORARY ART SOCIETY

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2006 (continued)

## 9. STATEMENT OF FUNDS

	At 01.04.2005 £	Income £	Expenditure £	Transfer £	Investment Revaluation £	At 31.03.2006 £
UNRESTRICTED FUNDS	778,839	650,409	(709,318)	(52,722)	(81)	667,127
RESTRICTED FUNDS: see note (a)						
Catching Comets Appeal	31,756	12,759	(35,950)	-	-	8,565
Arts Council England - SCS (Lottery)	7,253	7,319	(22,216)	7,644	-	-
Scottish Arts Council	34,905	-	(700)	-	-	34,205
Scottish Arts Council - NCSS (Lottery)	134,917	-	(106,656)	-	-	28,261
Scottish Arts Council - NCSS Commission	70,031	-	(11,331)	-	-	58,700
Scottish Arts Council - Craft Purchases	30,000	13,500	-	-	-	43,500
Scottish Arts Council - Fine Art Purchases	25,000	-	-	-	-	25,000
Scottish Arts Council - NCSS Marketing	10,000	-	(5,431)	-	-	4,569
Scottish Arts Council - Purchases	-	18,000	-	-	-	18,000
Arts Council England - BLOOD Development	1,968	483	(1,600)	-	-	851
Esmée Fairbairn Foundation (SCS Evaluation)	-	5,000	(5,000)	-	-	-
Arts Council England (SCS Evaluation)	-	5,400	(5,400)	-	-	-
Arts Council England (Museum and Galleries Month Advocacy)	-	10,000	(5,923)	-	-	4,077
Arts Council England - Organisational Review	-	13,140	-	-	-	13,140
Gulbenkian Foundation	-	10,000	(8,650)	-	-	1,350
	345,830	95,601	(208,857)	7,644	-	240,218
EXPENDABLE ENDOWMENT	700,000	-	-	45,078	149,922	895,000
Total restricted funds	1,045,830	95,601	(208,857)	52,722	149,922	1,135,218
Total funds	£1,824,669	£746,010	(£918,175)	£ -	£149,841	£1,802,345

Funds are treated as being expended when the art is purchased although distributions may not yet have been made.

Restricted funds unexpended are mainly represented by short term deposits and cash at bank.

The Expendable Endowment fund represents the bequeathed property at 19 Creswell Place, London which is held as an investment property. The £45,078 transfer is the amount spent on enhancing the expendable endowment.

The transfer of £7,644 represents reinstatement of funds from Unrestricted Funds to Restricted Funds

## Note (a)

Catching Comets Appeal - purchase and distribution of contemporary art

Arts Council England - Special Collection Scheme (SCS) Lottery - purchase of art and craft for designated museum collections

Scottish Arts Council - Development work on Scottish collections

Scottish Arts Council - National Collecting Scheme for Scotland (NCSS) Lottery - purchase of art and craft for designated museum collections

Scottish Arts Council - NCSS Commissions - commissioning artists to make art and craft for designated museum collections

Scottish Arts Council - Craft Purchases - purchase and distribution of craft

Scottish Arts Council - Fine Art Craft Purchases - purchase and distribution of fine art

Scottish Arts Council - NCSS Marketing Lottery - marketing and recording of NCSS purchase and commission projects for designated museum collections

Arts Council England - BLOOD Development - Grant to support development of workshop and website

Esmée Fairbairn Foundation (SCS Evaluation) - Formal evaluation of Special Collection Scheme

Arts Council England (SCS Evaluation) - Formal evaluation of Special Collection Scheme

Arts Council England (Museum and Galleries Month Advocacy) - Celebrate and advocate continuation of SCS in partnership with West Midlands Hub.

Arts Council England - Organisational Review - grant towards organisational and strategic review (towards fee for consultant)

Gulbenkian Foundation - Grant to allow group of museum curators to go on research and art purchasing trip to Portugal.

# THE CONTEMPORARY ART SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006 (continued)

### 10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2006 are represented by:

	Total	Unrestricted	Expendable	Restricted
	Funds	Funds	Endowment	Funds
	£	£	£	£
Tangible fixed assets	8,969	8,969	-	-
Investments	906,830	11,830	895,000	-
Works of art	35,295	35,295	-	-
Current assets	887,636	647,418	-	240,218
Current liabilities	(36,385)	(36,385)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total net assets</b>	<b>£1,802,345</b>	<b>£667,127</b>	<b>£895,000</b>	<b>£240,218</b>
	<hr/>	<hr/>	<hr/>	<hr/>

### 11. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2006, CAS had annual commitments under non-cancellable operating leases as set out below:

	31.03.2006	31.03.2005
	£	£
Operating leases which expire in 2-5 years	<u>£7,874</u>	<u>£33,800</u>

### 12. STOCK

Stock comprises three collections of works of art which were bequested to the Society.

The balance sheet does not include gifts of Arts and crafts given to the charity for distribution.

These gifts amounted to £236,200 at the year end.

### 13. SUBSIDIARY COMPANY

The Society has a wholly owned subsidiary, Contemporary Art Society Projects Limited, which is incorporated in the UK. The company remained dormant during 2005/06.

As stated in the Trustees report, the Trustees have requested the Companies House to arrange to have the company struck off. Confirmation is due in mid 2006.