

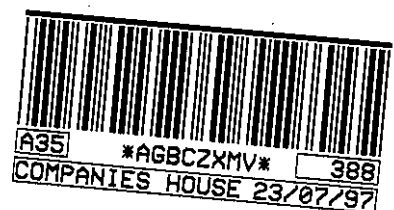
The Contemporary Art Society

A charitable company limited by guarantee

trustees' report and accounts
for the year ended 31 December 1996

Charity number: 208178

Company number: 255486



THE CONTEMPORARY ART SOCIETY

TRUSTEES

David Gordon - Chairman
Jim Moyes - Vice Chairman
Rupert Gavin - Honorary Treasurer
Mark Stephens - Honorary Solicitor
Cecily Lowenthal
Richard Cork
Sean Rainbird
Hezlett Colgan
Robert Hopper
Janice Blackburn
Paul Hedge

COMPANY SECRETARY

George Yates-Mercer FCA

THE CONTEMPORARY ART SOCIETY

REPORT OF THE TRUSTEES

The Trustees present their report and the financial statements for the year ended 31st December, 1996.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 company and of the profit or loss of the company for that period. In preparing these financial statements the Trustees are required to:

- *select suitable accounting policies and then apply them consistently
- *make judgements 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 keeping 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF THE BUSINESS

The principal activity of the Society continued to be the promotion of contemporary art and the acquisition of works by living artists for presentation to public collections in Great Britain and elsewhere. Both the level of activities and the year end financial position were satisfactory and the Trustees expect that the present level of activity will be sustained for the foreseeable future.

RESULTS

The results of the Society for the year ended 31st December, 1996, are set out in the financial statements on pages 1 to 10.

TRUSTEES

The Trustees set out in the table below have held office during the whole of the period from 1st January, 1996, to the date of this report unless otherwise stated.

David Gordon (Chairman)
Jim Moyes (Vice Chairman)
Rupert Gavin (Honorary Treasurer)
Mark Stephens (Honorary Solicitor)
Cecily Lowenthal (Honorary Secretary) Resigned as Secretary 1 February, 1997
Richard Cork
Edward Lee (retired 16 May, 1996)
Sean Rainbird

THE CONTEMPORARY ART SOCIETY

REPORT OF THE TRUSTEES (continued)

TRUSTEES

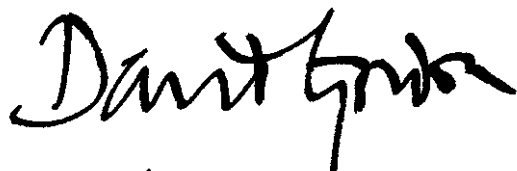
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David Gordon (Chairman)
Jim Moyes (Vice Chairman)
Rupert Gavin (Honorary Treasurer)
Mark Stephens (Honorary Solicitor)
Cecily Lowenthal (Honorary Secretary) Resigned as Secretary 1 February, 1997
Richard Cork
Edward Lee (retired 16th May, 1996)
Sean Rainbird
Hezlett Colgan
Robert Hopper
Janice Blackburn (appointed 16th May, 1996)
Paul Hedge (appointed 11th December, 1996)

AUDITORS

The auditors, Neville Russell, have signified their willingness to continue in office and a resolution proposing their reappointment will be put to the forthcoming Annual General Meeting.

DAVID GORDON
Chairman

A handwritten signature in black ink, appearing to read 'David Gordon', written in a cursive style.

14th April, 1997

THE CONTEMPORARY ART SOCIETY

AUDITOR'S REPORT TO THE MEMBERS OF THE CONTEMPORARY ART SOCIETY

We have audited the financial statements on pages 4 to 13 which have been prepared following the accounting policies set out on page

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described on page the Trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

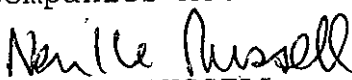
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence 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 company'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 of the state of affairs of the company and the group at 31 December 1996 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


NEVILLE RUSSELL

Chartered Accountants and Registered Auditors

24 Bevis Marks,
London,
EC3A 7NR

24 April, 1997

Contemporary Art Society Group

Consolidated statement of financial activities

(incorporating a consolidated income and expenditure account)

For the year ended 31 December 1996

	Notes	Unrestricted funds £	Restricted funds £	Total 1996 £	Total 1995 (restated) £
Incoming resources					
Fees		116,178	-	116,178	113,397
Subscriptions and donations	2	58,913	37,000	95,913	102,815
Legacies		70,475	-	70,475	-
Arts Council Award		30,000	-	30,000	30,000
Other grants	3	-	78,837	78,837	50,303
Ticket sales for events		17,480	-	17,480	11,860
Interest and dividends		11,256	-	11,256	12,590
Other income		1,996	-	1,996	3,648
Total incoming resources		306,298	115,837	422,135	324,613
Resources expended					
Direct charitable					
Advice, training and collection support					
		89,120	9,533	98,653	81,197
Art purchases		24,517	54,090	78,607	172,903
Art market		22,519	37,000	59,519	50,658
Members events		15,141	-	15,141	8,893
Members support		22,223	-	22,223	17,227
		173,520	100,623	274,143	330,878
Other expenditure:					
Fund-raising and publicity		9,665	-	9,665	7,494
Management and administration		76,896	-	76,896	61,262
Total resources expended	4	260,081	100,623	360,704	399,634
Net incoming/(outgoing) resources		46,217	15,214	61,431	(75,021)
Revaluation of investments	9	(770)	-	(770)	2,213
Net movement in funds		45,447	15,214	60,661	(72,808)
Fund balances brought forward (as restated)	9	140,951	90,973	231,924	304,732
Fund balances carried forward	9	186,398	106,187	292,585	231,924

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

Contemporary Art Society Group

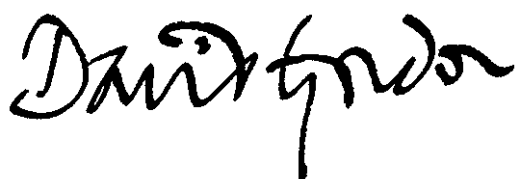
Balance sheet

31 December 1996

	Notes	Group 1996 £	1995 (restated) £	Company 1996 £	1995 (restated) £
Fixed assets					
Tangible assets	5	945	1,514	-	-
Investments	6	39,333	40,103	54,333	55,103
		<u>40,278</u>	<u>41,617</u>	<u>54,333</u>	<u>55,103</u>
Current assets					
Stock - works of art and frames		73,429	2,954	70,475	-
Debtors	7	148,601	94,896	55,506	68,962
Short term deposits		245,000	125,000	245,000	125,000
Cash		53,077	38,915	31,254	25,872
		<u>520,107</u>	<u>261,765</u>	<u>402,235</u>	<u>219,834</u>
Creditors: amounts falling due within one year	8	<u>(267,800)</u>	<u>(71,458)</u>	<u>(161,919)</u>	<u>(40,949)</u>
Net current assets		<u>252,307</u>	<u>190,307</u>	<u>240,316</u>	<u>178,885</u>
Net assets		<u>292,585</u>	<u>231,924</u>	<u>294,649</u>	<u>233,988</u>
Represented by:					
Restricted income funds		106,187	90,973	106,187	90,973
Unrestricted funds:					
- Designated funds		34,558	-	34,558	-
- General funds		<u>151,840</u>	<u>140,951</u>	<u>153,904</u>	<u>143,015</u>
Total funds	9	<u>292,585</u>	<u>231,924</u>	<u>294,649</u>	<u>233,988</u>

The financial statements on pages 4.013 were approved by the Trustees on 24 April 1997.

David Gordon
Chairman



Contemporary Art Society Group

Notes to the financial statements

31 December 1996

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 comply with the Statement of Recommended Practice, "Accounting by Charities" (SORP) and applicable accounting standards. In order to comply with the SORP changes have been made to the formats and comparative figures have been restated.

Consolidated accounts have been prepared for the Society which includes its subsidiary company Contemporary Art Society Projects Limited.

b) *Incoming resources*

All income is accounted for on a receivable basis.

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 activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources. Fund-raising and publicity costs are those incurred in seeking voluntary contributions for the Society, and in publicising the Society. Management and administration costs are those incurred in connection with the management of the Society's assets, organisational administration and compliance with constitutional and statutory requirements.

d) *Fund accounting*

General funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Society.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purpose and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal.

Notes to the financial statements (continued)

1 Accounting policies (continued)

e) *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

f) *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 the investment portfolio throughout the year.

g) *Stock*

Stock comprising works of art and frames is valued at the lower of cost and net realisable value, gifts in kind are included at trustees' valuation.

2 Subscriptions and donations

	1996 £	1995 £
Individuals	25,573	27,445
Public Art Galleries	28,425	28,450
Corporate bodies	39,950	45,250
Dealers etc.	1,965	1,670
	<u>95,913</u>	<u>102,815</u>

3 Grants

	1996 £	1995 £
Arts Council	30,000	-
Henry Moore Foundation	25,000	25,000
Worshipful Company of Painter Stainers	4,000	-
DNH Grant in Aid	19,837	20,303
Crafts Council	-	5,000
	<u>78,837</u>	<u>50,303</u>

Notes to the financial statements (continued)

4 Total resources expended

	Staff costs £	Other costs £	1996 Total £
Advice, training and collection support	73,283	25,370	98,653
Art purchases	-	78,607	78,607
Art Market	14,702	44,817	59,519
Members events	-	15,141	15,141
Members support	13,044	9,179	22,223
	<u>101,029</u>	<u>173,114</u>	<u>274,143</u>
Fund-raising and publicity	5,672	3,993	9,665
Management and administration	45,569	31,327	76,896
	<u>152,270</u>	<u>208,434</u>	<u>360,704</u>

a) Staff costs

	1996 £000	1995 £000
Wages and salaries	139,846	118,779
Social security costs	12,424	11,791
	<u>152,270</u>	<u>130,570</u>

The average number of employees was

<u>7</u>	<u>7</u>
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None of the employees received remuneration over £40,000.

b) Trustees

The trustees do not receive any emoluments or reimbursement of expenses.

	1996 £000	1995 £000
c) Auditors' remuneration:	<u>1,450</u>	<u>1,400</u>

Notes to the financial statements (continued)

5 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 1996	1,793	7,126	8,919
At 31 December 1996	1,793	7,126	8,919
Accumulated depreciation			
At 1 January 1996	980	6,425	7,405
Charge for the year	178	391	569
At 31 December 1996	1,158	6,816	7,974
Net book values			
At 31 December 1996	635	310	945
At 31 December 1995	813	701	1,514

6 Fixed asset investments

	Group	
	1996 £	1995 £
Market value at 1 January	40,103	37,890
(Loss)/gain on revaluation	(770)	2,213
Market value at 31 December	39,333	40,103
Historical cost at 31 December	36,021	36,021
Unrealised investment gains at 31 December	3,312	4,082

All the group's investments are listed on the UK stock exchange. The company's investments include shares with a nominal value of £15,000 in the wholly owned subsidiary (see note 10).

Notes to the financial statements (continued)

7 Debtors

	Group		Charity	
	1996	1995	1996	1995
	£	£	£	£
Subscriptions	537	590	537	590
Taxation recoverable	-	9,215	6,850	16,975
Other debtors	146,675	84,334	47,619	44,640
Pre-payments and accrued income	1,389	757	500	325
Amount due from subsidiary company	-	-	-	6,432
	<u>148,601</u>	<u>94,896</u>	<u>55,506</u>	<u>68,962</u>

8 Creditors: amounts falling due within one year

	Group		Charity	
	1996	1995	1996	1995
	£	£	£	£
Creditors	251,546	47,889	6,531	35,366
Social Security and other taxes	16,254	23,569	12,963	5,583
Due to subsidiary company	-	-	142,425	-
	<u>267,800</u>	<u>71,458</u>	<u>161,919</u>	<u>40,949</u>

Notes to the financial statements (continued)

9 Statement of funds

	At 1 January 1996 (restated- Note 11) £	Income £	Expenditure £	Transfers £	Investment revaluation £	At 31 December 1996 £
Unrestricted funds						
General funds	140,951	306,298	(260,081)	(34,558)	(770)	151,840
Funds designated for collection purchases	-	-	-	34,558	-	34,558
Total unrestricted funds	<u>140,951</u>	<u>306,298</u>	<u>(260,081)</u>	<u>-</u>	<u>(770)</u>	<u>186,398</u>
Restricted funds						
Collection scheme	79,440	49,837	(52,090)	-	-	77,187
Arts Council Funding for computers and distribution costs	9,533	-	(9,533)	-	-	-
Elephant Trust - Art purchase	2,000	-	(2,000)	-	-	-
Sainsbury's - Art Market Henry Moore Foundation	-	37,000	(37,000)	-	-	-
- Purchase of 3D Works	-	25,000	-	-	-	25,000
Painter Stainers - Art purchase	-	4,000	-	-	-	4,000
Total restricted funds	<u>90,973</u>	<u>115,837</u>	<u>(100,623)</u>	<u>-</u>	<u>-</u>	<u>106,187</u>
Total funds	<u>231,924</u>	<u>422,135</u>	<u>(360,704)</u>	<u>-</u>	<u>(770)</u>	<u>292,585</u>

Restricted funds are represented by short term deposits.

Notes to the financial statements (continued)

10 Subsidiary company

The Society has a wholly owned subsidiary, Contemporary Art Society Projects Limited, which is incorporated in the UK. Contemporary Art Society Projects Limited receives fees for advice given pertaining to the purchases of works of contemporary art and commission from the organisation of the sales of works of art. Profits are passed to the Society by means of a deed of covenant. Five members of the committee of the Society sit on the Board of Contemporary Art Society Projects Limited but receive no remuneration for so doing.

A summary of Contemporary Art Society Projects Limited's transactions for the period ended 31 December 1996 is set out below. All income and expenditure has been included in the statement of financial activities. Full accounts have been filed with the Registrar of Companies

	1996 £	1995 £
Income		
Fees receivable	116,178	113,397
Donations	37,000	37,000
Interest receivable	947	500
Total income	154,125	150,897
Expenditure	140,802	120,043
Profit before deed of covenant	13,323	30,854
Deed of covenant	13,323	31,040
	-	(186)
Deficit brought forward	(2,064)	(1,878)
Accumulated deficit	(2,064)	(2,064)
Net assets	12,936	12,936

Notes to the financial statements (continued)

11 Restatement of prior years

Following the adoption of the Statement Of Recommended Practice, "Accounting by Charities", the following changes have been made:

(i) Income for restricted purposes

In previous years unexpended restricted income was treated as a creditor and the income was not recognised through the income and expenditure account. All restricted income is now included in the Statement of Financial Activities and unexpended restricted income is carried forward within restricted funds.

ii) Market value of investments

Investment previously stated at historical cost are now carried at market value.

iii) Inclusion of subsidiary company

The income and expenditure account previously only reported the amount covenanted by the subsidiary. The restated results include gross income and expenditure as detailed in note 10.

The impact on prior year's results and reserves carried forward are as follows:

	Surplus for year ended 31 December 1995 £	Funds brought forward 1 January 1996 £	Funds brought forward 1 January 1995 £
As previously reported	4,067	136,869	132,988
Restatements			
i) Restricted income	(78,902)	90,973	169,875
ii) Revaluation of investments	2,213	4,082	1,869
iii) Subsidiary company	(186)	-	-
As restated	<u>(72,808)</u>	<u>231,924</u>	<u>304,732</u>