

For the year ended 31 December 1997

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

Charity Number: 208178

Company Number: 255486



## **THE CONTEMPORARY ART SOCIETY**

### **TRUSTEES**

David Gordon	-	Chairman
Jim Moyes	-	Vice Chairman
Pesh Framjee	-	Honorary Treasurer
Mark Stephens	-	Honorary Solicitor
Wendy Baron		
Janice Blackburn		
Lance Blackstone		
Rupert Gavin		
Paul Hedge		
Robert Hopper		
Ann Stanton		
Sean Rainbird		

### **COMPANY SECRETARY**

George Yates-Mercer FCA

**TRUSTEES' REPORT**

The Trustees present their report and the financial statements for the year ended 31 December 1997.

**RESULTS**

The results of the Society for the year ended 31 December 1997 are set out in the financial statements on pages 5 to 13.

**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.

1997 tested us all, with more peaks and troughs than we expected.

At ART97 in January, we invited six organisations – off the beaten track, out of London, artist-led – to provide a contrast to the rest of the art fair in collaboration with us.

In March, we submitted our bid to the Arts Council Lottery and learned in October that our fifteen partner museums, the Crafts Council and CAS had been awarded £2.5m to create a Special Collection Scheme with overall funds of £3.5m. This is undoubtedly the most important development in the recent history of the Contemporary Art Society and an exhilarating challenge for all involved.

Meanwhile, after 70 years at the Tate Gallery, CAS found a new home (and the need to pay rent). On May 1, we moved into 17 Bloomsbury Square, near to our origins.

In June, a party of 45 (35 curators and 10 members) visited documenta X in Kassel and the Munster Sculpture Project. With a hectic and packed schedule, this was a memorable visit, not least because five years ago, when the last documenta was staged, a CAS visit was cancelled due to lack of interest. There was no lack of interest nor energy this time and funding was secured from five Regional Arts Boards.

Events for individual members and curators have been increasingly successful in terms of both attendance and income.

No one was more delighted at this revival of our overseas trips and our liaison with museum colleagues than Nancy Balfour whose death in late August was a sadness to all of us. She has bequeathed her collection to CAS which she chivvied, reshaped and championed for over thirty years.

Days later, we were devastated by the news of the death of Cecily Lowenthal, our much loved Honorary Secretary.

Neither of them was able to share the news of our Lottery success nor our short-listing for the Prudential Award but both had worked tirelessly to encourage just such achievements.

So have many others during this year of major financial challenges. We took the risk of postponing our annual Art Market and creating a smaller, sharper version at ART98, supported by Unilever. This was a huge success and has given us new ideas for the Art Market which will be back at the Royal Festival Hall 18-22 November 1998.

Our aspirations are not matched by our income and the Society has also had a challenging year with its finances. Gross income reduced from £422,135 in 1996 to £242,318 in 1997. The 1996 figures included a generous bequest of art valued at £70,475 so income excluding legacies was down by about 26%. This can primarily be attributed to a reduction in grants (as explained in note 3 of the accounts) and a reduction in fees, subscriptions and donations.

## TRUSTEES' REPORT (continued)

## REVIEW OF THE BUSINESS (continued)

The funds of the Society are divided into two categories.

Unrestricted funds are available for the general objectives of the Society. Expenditure from these funds exceeded income by £76,787 and the Society has had to increase the subscriptions to member museums for the first time in six years.

The restricted funds are funds where donors have specified that they want the income to be used for a particular purpose and in 1997, £43,248 was spent from these funds. Of this amount over £27,000 was received in earlier years.

The overall funds of the Society at 31 December 1997 reduced from £292,585 to £197,895, as running costs increase, so we constantly face the threats that all small arts organisations need to confront. The Lottery grant will not increase our general purchasing power nor reduce our overheads.

Leah Byrne left in December to join the London Arts Board and has been succeeded as Projects Director by Cat Newton-Groves; Sara Grant Thorold has been on maternity leave and Jaime Jackson has taken over her projects; Mary Doyle, who steered us through the Lottery bid, is now Collections Curator; Elizabeth Tulip and Daniel Belasco Rogers have both been promoted with extra responsibilities for administration of events and IT respectively. Our accountant, George Yates-Mercer has retired.

Much has changed but the commitment and high standards of the staff including remarkable volunteers such as Ania Greszik, Tabitha Cocksedge, Violet McLean and our freelance colleagues, Jeni Walwin, Melissa Kojan and Ingrid Swenson, never fail to impress.

We all wish to thank the funding bodies who support us: The Arts Council of England, The Henry Moore Foundation, the Crafts Council, The Worshipful Company of Painters and Stainers and The Elephant Trust. We are grateful to all of them and the artists, curators, clients and members who define what the Contemporary Art Society means.

## PURCHASES MADE FOR 1997

CAS continues to purchase works of contemporary art and craft for presentation to its member museums throughout Britain. We would like to thank Janice Blackburn and Jenni Lomax for their imaginative and thoughtful purchases during 1997/98.

## Craft Purchaser - Janice Blackburn

- Jo Gordon, *Kiss of Death*, 1997, satin, spatre, feathers, edition 2/2
- Emily Bates, *Depilator*, 1994, 1994, human hair, spun and knitted
- Amanda Bright, *Lemon Pod with Seeds*, 1998, wire, gold painted discs
- Les Bicknell, *Two Walks*, 1998, wood, leather, handmade paper, stones, lead
- Annie Fewlass
- Dai Rees

## Fine Art Purchaser – Jenni Lomax

- Cornelia Parker, *Grooves in a Record that Belonged to Hitler*, 1996, photograph
- Cornelia Parker, *Embryo Firearms*, 1995, Colt 45 guns in earliest stage of production
- Dorothy Cross, *Teacup*, 1998, video
- Lucia Nogueira, *Black*, 1994, spotlight, chandelier glass

On behalf of the CAS, Jenni Lomax has reserved two works by the late Donald Rodney which will be purchased from his estate.

## TRUSTEES' REPORT (continued)

## TRUSTEES

The trustees set out in the table below have held office during the whole of the period from 1 January 1997 to the date of this report unless otherwise stated.

David Gordon	-	(Chairman)	
Jim Moyes	-	(Vice Chairman)	
Pesh Framjee	-	(Honorary Treasurer)	(appointed 7 May 1997)
Mark Stephens	-	(Honorary Solicitor)	
Cecily Lowenthal	-	(died 2 September 1997)	
Wendy Baron	-	(appointed 7 May 1997)	
Janice Blackburn			
Lance Blackstone	-	(appointed 7 May 1997)	
Rupert Gavin			
Paul Hedge			
Robert Hopper			
Ann Stanton	-	(appointed 7 May 1997)	
Hezlett Colgan	-	(resigned 24 April 1997)	
Richard Cork	-	(resigned 24 April 1997)	
Sean Rainbird			

## 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 those 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 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## 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* 16.6.98

Chairman

## AUDITOR'S REPORT TO THE MEMBERS OF

### THE CONTEMPORARY ART SOCIETY

We have audited the financial statements on pages 5 to 13 which have been prepared following the accounting policies set out on pages 7 and 8.

#### Respective responsibilities of directors and auditors

As described on page 3 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 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 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 as at 31 December 1997 and of the deficit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CHARTERED ACCOUNTANTS  
and Registered Auditors

London



**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(incorporating a consolidated income and expenditure account)**  
**For the year ended 31 December 1997**

	Notes	Unrestricted funds £	Restricted funds £	Total 1997 £	Total 1996 £
Incoming resources:					
Fees		71,235	-	71,235	116,178
Subscriptions and donations	2	60,732	3,468	64,200	95,913
Legacies		-	-	-	70,475
Arts Council Award		30,000	-	30,000	30,000
Other grants	3	-	6,250	6,250	78,837
Ticket sales for events		42,796	-	42,796	17,480
Interest and dividends		9,242	-	9,242	11,256
Other income		2,445	14,650	17,095	1,996
Intangible income		1,500	-	1,500	-
		<u>217,950</u>	<u>24,368</u>	<u>242,318</u>	<u>422,135</u>
Total income resources					
Resources expended					
Direct charitable					
Advice, training and collection support		118,727	-	118,727	98,653
Art purchases		37,004	43,248	80,252	78,607
Art market		-	-	-	59,519
Members' events		31,385	-	31,385	15,141
Members' support		14,979	-	14,979	22,223
		<u>202,095</u>	<u>43,248</u>	<u>245,343</u>	<u>274,143</u>
Other expenditure:					
Fundraising and publicity		11,323	-	11,323	9,665
Management and administration		81,319	-	81,319	76,896
		<u>294,737</u>	<u>43,248</u>	<u>337,985</u>	<u>360,704</u>
Total resources expended	4				
Net incoming/(outgoing) resources		(76,787)	(18,880)	(95,667)	61,431
Revaluation of investment	9	977	-	977	(770)
Net movement in funds		(75,810)	(18,880)	(94,690)	60,661
Fund balances brought forward	9	236,237	56,348	292,585	231,924
Fund balances carried forward		<u>£160,427</u>	<u>£37,468</u>	<u>£197,895</u>	<u>£292,585</u>

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

## BALANCE SHEET at 31 December 1997

		Group		Charity	
	Notes	1997 £	1996 £	1997 £	1996 £
<b>FIXED ASSETS</b>					
Tangible assets	5	600	945	-	-
Investments	6	30,164	39,333	45,164	54,333
		<u>30,764</u>	<u>40,278</u>	<u>45,164</u>	<u>54,333</u>
<b>CURRENT ASSETS</b>					
Stocks		71,379	73,429	68,425	70,475
Debtors	7	78,600	148,601	30,658	55,506
Short term deposits		70,000	245,000	70,000	245,000
Cash at bank and in hand		5,794	53,077	5,395	31,254
		<u>225,773</u>	<u>520,107</u>	<u>174,478</u>	<u>402,235</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	<u>58,642</u>	<u>267,800</u>	<u>19,764</u>	<u>161,919</u>
<b>NET CURRENT ASSETS</b>		<u>167,131</u>	<u>252,307</u>	<u>154,714</u>	<u>240,316</u>
<b>NET ASSETS</b>		<u>£197,895</u>	<u>£292,585</u>	<u>£199,878</u>	<u>£294,649</u>
<b>Represented by:</b>					
<b>RESTRICTED INCOME FUNDS</b>		37,468	106,187	37,468	106,187
<b>UNRESTRICTED FUNDS</b>					
Designated funds		154	34,558	154	34,558
General funds		<u>160,273</u>	<u>151,840</u>	<u>162,256</u>	<u>153,904</u>
<b>TOTAL FUNDS</b>		<u>£197,895</u>	<u>£292,585</u>	<u>£199,878</u>	<u>£294,649</u>

The financial statements on pages 5 to 13 were approved by the Trustees on

*Justin Gordon* 16.6.98

Chairman



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

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.

Consolidated accounts have been prepared for the Society which include its subsidiary company Contemporary Art Society Projects Limited. The Society has taken advantage of the exemption under s230 of the Companies Act 1985 not to publish its own individual statement of financial activities. The net deficit of the parent undertaking was £94,771.

(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 the use of the resources. Fundraising 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, organisation 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

For the year ended 31 December 1997

## 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

	1997 £	1996 £
Art market sponsorship	-	37,000
Individuals	31,710	25,573
Public Art Galleries	28,350	28,425
Corporate bodies	3,000	2,950
Dealers etc	1,140	1,965
	<u>£64,200</u>	<u>£95,913</u>

## 3. GRANTS

	1997 £	1996 £
Arts Council	-	30,000
Henry Moore Foundation	-	25,000
Worshipful Company of Painter Stainers	-	4,000
DNH Grant in Aid	1,250	19,837
Crafts Council	5,000	-
	<u>£6,250</u>	<u>£78,837</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 1997

**4. TOTAL RESOURCES EXPENDED**

	Staff costs £	Other costs £	1997 Total £	1996 Total £
Advice, training and collection support	80,247	38,480	118,727	98,653
Art purchases	-	80,252	80,252	78,607
Art Market	-	-	-	59,519
Members' events	2,680	28,705	31,385	15,141
Members' support	8,880	6,099	14,979	22,223
	<u>91,807</u>	<u>153,536</u>	<u>245,343</u>	<u>274,143</u>
Fundraising and publicity	5,697	5,626	11,323	9,665
Management and administration	46,391	34,928	81,319	76,896
	<u>£143,895</u>	<u>£194,090</u>	<u>£337,985</u>	<u>£360,704</u>
(a) <b>Staff costs</b>			<b>1997 £</b>	<b>1996 £</b>
Wages and salaries			130,723	139,846
Social security costs			13,172	12,424
			<u>£143,895</u>	<u>£152,270</u>
The average number of employees was			<u>7</u>	<u>7</u>
None of the employees received remuneration over £40,000.				
(b) <b>Trustees</b>				
The trustees do not receive any emoluments or reimbursement of expenses.				
			<b>1997 £</b>	<b>1996 £</b>
(c) <b>Auditors' remuneration</b>			<u>£3,100</u>	<u>£2,900</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 1997**

**5. TANGIBLE FIXED ASSETS**

<b>COMPANY</b>	<b>Office Equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>COST</b>			
At 1 January 1997	<u>1,793</u>	<u>7,126</u>	<u>8,919</u>
At 31 December 1997	<u>£1,793</u>	<u>£7,126</u>	<u>£8,919</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 1997	<u>1,158</u>	<u>6,816</u>	<u>7,974</u>
Charge for the year	<u>176</u>	<u>169</u>	<u>345</u>
At 31 December 1997	<u>£1,334</u>	<u>£6,985</u>	<u>£8,319</u>
<b>NET BOOK VALUES</b>			
At 31 December 1997	<u>£459</u>	<u>£141</u>	<u>£600</u>
At 31 December 1996	<u>£635</u>	<u>£310</u>	<u>£945</u>
Depreciation	10%	20%	

**6. FIXED ASSETS INVESTMENTS**

	<b>Group</b>	
	<b>1997 £</b>	<b>1996 £</b>
Market value at 1 January	39,333	40,103
Redemption in year	(10,146)	-
Gain/(loss) on revaluation	<u>977</u>	<u>(770)</u>
Market value at 31 December	30,164	39,333
Historical cost at 31 December	<u>26,180</u>	<u>36,021</u>
Unrealised investment gains at 31 December	<u>£3,984</u>	<u>£3,312</u>

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**  
**For the year ended 31 December 1997**

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

	Group		Charity	
	1997	1996	1997	1996
	£	£	£	£
Subscriptions	460	537	460	537
Taxation recoverable	3,370	-	3,947	6,850
Other debtors	67,018	146,675	16,165	47,619
Prepayments and accrued income	7,752	1,389	3,406	500
Amount due from group undertaking	-	-	6,680	-
	<u>£78,600</u>	<u>£148,601</u>	<u>£30,658</u>	<u>£55,506</u>

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

	Group		Charity	
	1997	1996	1997	1996
	£	£	£	£
Creditors	34,223	251,546	3,057	6,531
Social Security and other taxes	24,419	16,254	16,707	12,963
Amount due to group undertaking	-	-	-	142,425
	<u>£58,642</u>	<u>£267,800</u>	<u>£19,764</u>	<u>£161,919</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 1997**

**9. STATEMENT OF FUNDS**

	At 1 January 1997 £	Income £	Expenditure £	Investment Revaluation £	At 1 January 1998 £
<b>UNRESTRICTED FUNDS</b>					
General funds	201,679	217,950	260,333	977	160,273
Funds designated for collection purchases	34,558	-	34,404	-	154
	<u>236,237</u>	<u>217,950</u>	<u>294,737</u>	<u>977</u>	<u>160,427</u>
Total unrestricted funds	236,237	217,950	294,737	977	160,427
<b>RESTRICTED FUNDS</b>					
Collection scheme	27,348	5,400	32,748	-	-
Henry Moore Foundation	25,000	-	-	-	25,000
Painter Stainers	4,000	-	-	-	4,000
Crafts Council	-	5,000	-	-	5,000
Hugonin Family	-	10,500	10,500	-	-
Nancy Balfour Memorial	-	2,028	-	-	2,028
Cecily Lowenthal Memorial	-	1,440	-	-	1,440
	<u>56,348</u>	<u>24,368</u>	<u>43,248</u>	<u>-</u>	<u>37,468</u>
Total restricted funds	56,348	24,368	43,248	-	37,468
Total funds	<u>£292,585</u>	<u>£242,318</u>	<u>£337,985</u>	<u>£977</u>	<u>£197,895</u>
<b>Restatement of opening balances</b>					
As at 31 December 1996		151,840	106,187		
Unrestricted fund items incorrectly included in restricted funds in previous year		<u>49,839</u>	<u>(49,839)</u>		
Restated balances		<u>£201,679</u>	<u>£56,348</u>		

Restricted funds are represented by short term deposits.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

## 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 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 1997 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.

## Income

	1997 £	1996 £
Fees receivable	71,235	116,178
Donations	-	37,000
Interest receivable	154	947
	<hr/>	<hr/>
Total income	71,389	154,125
Expenditure	68,798	140,802
	<hr/>	<hr/>
Profit before deed of covenant	2,591	13,323
Deed of covenant	2,510	13,323
	<hr/>	<hr/>
	81	-
Deficit brought forward	(2,064)	(2,064)
	<hr/>	<hr/>
Accumulated deficit	(1,983)	(2,064)
	<hr/>	<hr/>
Net assets	£13,017	£12,936
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