

The Photographers' Gallery

Trustees' report and consolidated financial statements

31 March 1997

Registered company number 986208

Registered charity number 262548



Trustees' report and financial statements

Contents

Chairman of The Board of Trustees' Report	1
Trustees' Report	7
Statement of trustees' responsibilities	9
Report of the auditors to the members of The Photographers' Gallery	10
Consolidated statement of financial activities	11
Statement of Recognised Gains and Losses	11
Consolidated balance sheet	12
Charity balance sheet	13
Notes	14

Chairman of The Board of Trustees' Report

This year has been one of laying the foundations for the gallery's major re-development which will take place over the next three years. The trustees have decided that the future of the gallery is at Great Newport Street, and that the existing building at number 5 should be redeveloped.

To assist in this process an application will be made to the National Lottery to fund the feasibility study and the architectural competition. The Photographers' Trust Fund was also approached with a request to support the project; trustees of the Fund generously agreed to donate all its funds, giving the gallery an excellent financial basis from which to start the process of making The Photographers' Gallery the leading photographic gallery in the world. On behalf of the Board of trustees I would like to thank The Photographers' Trust Fund for its support and commitment.

The transfer of Trust Fund money into gallery accounts may therefore give the impression that the gallery has produced a large surplus for the year, though this understanding of the accounts would be a misleading one. All money from the Fund is reserved for the capital re-development and will not be used for day-to-day expenditure on the running of the gallery or for programme activities. Taking this large donation out of the equation, the accounts nonetheless indicate the success of the gallery in clearing the 1995/96 deficit by controlling costs and improving the profitability of trading activity.

During the year further appointments were made to the Board of trustees. Fred Manson, Director of Regeneration and Environment at the London Borough of Southwark, and Richard Millward, a Director at Kleinwort Benson, are already both playing important roles in the context of the redevelopment and beyond.

This will be my last report as Chairman of the Board as I shall be retiring at the forthcoming annual general meeting. My involvement with the gallery goes back many years, all which have been enjoyable and sometimes demanding. I would like to thank the funders who have shown their commitment and enthusiasm to our aims and objectives, and all the trustees who have given their time so freely. My connection with the gallery will not end as I shall be involved with the re-development. Along with all the trustees and staff of the gallery, I look forward to this with great excitement.

Programme: Exhibitions and Events

The city was one of the themes upon which the gallery had chosen to concentrate this year, and the programme opened with a European bias. Michael Schmidt, one of the most important and influential German photographers of the post-war period, received his first solo exhibition in this country of work that depicted powerful scenes of his native Berlin. Organised in association with the Goethe Institute in London, the exhibition included Schmidt's most recently exhibited body of photographs - *Waffenruhe* ('Weapons Silence'), which eloquently fused personal experience with reflections on history and place. The curator of the show from the Museum Folkwang, Essen, was one of many invited speakers who participated in a series of talks entitled *European Focus* which served to examine contemporary photography from varying European perspectives, contextualising this and the accompanying exhibition by Dolorès Marat: *Rives*. The selection of work taken by Marat in Paris over the last ten years concentrated on public spaces offering a picture of urban angst linked to the notion of the photographer as flâneur. These two groups of works rooted in contemporary European capital cities were juxtaposed with a third exhibition by Dutch artist Ed van der Elsken, whose black and white prints *Love on the Left Bank* celebrated a fictionalised narrative based in '60s bohemian Paris.

Opening in May, *Never Walk Alone* was programmed in both gallery spaces and was the major group show of the year. Whilst continuing the theme of the city, also underlining the selection of work for inclusion in the exhibition was the questioning of boundaries between photography and fine art with the aim of bringing together historical and contemporary work. For the first time, artists using photography, including Andreas Gursky, Beat Streuli and Don Brown, were shown alongside photographers such as Eugene Atget, Hans Aarsman and Merry Alpern. Through series of photographic images, video and computer installations, publications and texts the show explored the experience of dislocation and alienation in the modern city. In addition to offering tours of the exhibition by artists and writers, by working with the group of architectural and design historians *Strangely Familiar* the gallery produced *Aimless Motion*, a free guide that was intended to lead visitors through the conceptual framework of *Never Walk Alone*, listing reference points, activities and places to visit around London for the duration of the exhibition.

The most popular show of the year proved to be Philip-Lorca diCorcia's *Hollywood* series, centre of controversy in the United States because of its subject matter and furor concerning the artist's funding by the National Endowment for the Arts. Exhibited for the first time at the gallery, the staged portraits of the male prostitutes from Santa Boulevard were justly admired by visitors and widely reviewed in the media. An illuminating talk between diCorcia and the author Michael Bracewell addressed the use of fiction in The photographer's work.

Taken at an early stage of his project that was to develop into the film of the same name, Larry Clark's photographs of *Kids* was an exhibition that, in similar fashion to diCorcia's approach, drew on popular film culture to question the conventions of portrayal. An exploration of adolescent habits and hangouts, the exhibition was supplemented by further investigation into this subculture through two talks on skateboarding and a panel discussion on *Kids* chaired by writer and broadcaster Mark Lawson.

A retrospective exhibition of work from the last five years by San Francisco-based artists Aziz and Cucher, *Unnatural Selection*, demonstrated superbly the nature of digital manipulation in photography. Including *Faith*, *Honour and Beauty*, *Dystopia* and the recent still lives series, the artists explored through subtle manipulation of familiar genres the idea of a society where increasing technological influence forces a gradual dehumanisation of the body. The implications of this morally and ethically contentious topic were further raised at an 'in conversation' evening with Tom Wilkie, the author of *Perilous Knowledge: The Human Genome Project*. The artists in the exhibition also participated in a British Signed Language interpreted talk for the gallery's Deaf audience.

Gathering together an eclectic series of images and objects, ranging from 17th century anatomical figures to science and medical photography, the companion exhibition to *Unnatural Selection*, *Samples*, offered a survey of the impulse defined by Freud as man's striving to become a kind of 'prosthetic God'. From early attempts to the latest biotechnological developments, the exhibition reflected the extent to which the 'man-machine' aspiration permeates society.

The Annual Open exhibition, supported by the Times, provided the opportunity for gallery members to show work on the theme of 'Future Vision'. With a first prize of £2,000 offered to the winner, the ever-popular competition attracted over 1,000 entries. Running alongside the Open was Evident, organised by an external curator. This exhibition was concerned with the depiction of the contemporary landscape in photography. The chosen examples of this genre were selected however with a view to not merely reinforcing the simplistic division between the urban and the pastoral but rather indicating how the pictorial representation of nature is subject to cultural construction.

'Sculptures in time' is the most apt description of the work of the Swiss artist Roman Signer whose exhibition concluded the year's programme. Stretching back over 20 years, Signer's omnipresent camera captured absurdly slapstick-like, contrived events which were meticulously documented in terms of the logging of materials used, forces involved and the place and length of time taken for the often explosive action. Leaning towards the darker side of humour, David Shrigley's work, intelligent and provocative of laughter and hope, simultaneously hinted at ignorance, pain and despair. Shrigley ran a children's workshop which invited participants to examine the creative possibilities of cartoon drawing, photography and environmental sculpture.

Programme: Special Projects

An ongoing project that commenced in December 1995 with the appointment of a part-time co-ordinator, 1996/97 saw the start of phase one of Deafsite. A research and audience development initiative designed to investigate issues of visual communication and visual culture common to both the Deaf community and the gallery, a series of workshops was embarked on by five Deaf artists. Employing digital technology the artists began to explore ideas and issues of personal history and identity with the aim of constructing interactive multimedia programmes to form the basis of outreach work to be undertaken in phase two.

Print Sales Room

The Print Sales Room enjoyed a year of high activity and profits. An increase in new customers and an impressive percentage of repeat customers reflected the continuing interest in print collecting, of work by both young contemporary artists who exhibited in the main gallery exhibitions and more traditional British reportage artists. The Prime Print Series continued with a very popular image by Larry Clarke available to tie in with his exhibition in the main gallery space. Print Sales Room staff representing the gallery were present at the annual AIPAD photographic fair in New York.

Marketing

The results of the marketing audit commissioned with funds from London Arts Board were presented to the gallery at the end of the year. The final document suggested a diverse action plan for strengthening the marketing of all aspects of the gallery with a view to improving the coherence of how the gallery is perceived and enjoyed by visitors. The recruitment of a new Head of Marketing and Development (see below, Gallery Team) is facilitating the energetic implementation of the audit's recommendations over time. A 'priority response' paper is ensuring that all of the issues raised will be addressed fully and in an appropriate context.

The existing Membership Print Collection comprising limited edition works by Dorothy Bohm, Lester Bookbinder, Mari Mahr, Dario Mitidieri, Olivia Parker, Nick Waplington was a benefit that continued to be enjoyed by members, whose numbers for this year totalled over 800. At the same time however work was undertaken into revising and relaunching the Membership scheme for next year.

Please refer to the following table for audience figures for the year. These are unfortunately down on previous years due to certain factors that were beyond the gallery's control, including strikes by London Underground staff, IRA bomb scares and the Euro '96 football tournament.

THE PHOTOGRAPHERS' GALLERY ANNUAL ATTENDANCE FIGURES			FOR THE YEAR 1996/97		Average per week
Dates	Exhibition		Number 8	Number 5	
15 March to 11 May 1996	Michael Schmidt		38,358		4,794
22 March to 18 May 1996	Dolores Marat				
	Ed Van Der Elsken <i>Love on the Left Bank</i>			26, 105	2,900
18 May to 6 July	Never Walk Alone		26,313		3,759
24 May to 13 July	Never Walk Alone			17,242	2,298
13 July to 7 September	Philip-Lorca diCorcia Hollywood		45, 851		5,731
19 July to 31 August	Larry Clark <i>Kids</i>			20,961	2,994
13 September to 2 November	Aziz+Cucher <i>Unnatural Selection</i>		39, 101		5,585
6 September to 2 November	Samples			23,261	2,907
	Hodge Observer Exhibition			3,867	3,867
8 November to 11 January	Evident		33909		4,069
15 November to 18 January	Future Vision - Members Exhibition			28595	3,431
18 January to 1 March	Roman Signer		28671		4779
24 January to 8 March	David Shrigley			28920	4820
	Annual total for No.8		212203		4822
	Annual total for No.5			148951	3203
	ANNUAL ATTENDANCE		361154		
	FOR 1996/97				

All figures given are clicker figure actuals divided by two (to account for visitor entrance and exit) and less 10% for staff

Other Activities

The support and assistance of an ABSA Business In the Arts placement facilitated the first in a cycle of staff appraisals, with each staff member and their manager agreeing and setting specific job objectives and development targets. At intervals staff will revisit the appraisal notes and assess progress with the intention that both individuals and the gallery's wider mechanism will benefit from a more structured forward planning.

With the advent of a proposed reduction in its revenue funding of 41% by Westminster City Council for the year 1997/98, the gallery mounted a vigorous campaign in the spring to attempt to dissuade the Arts Committee from approving the cut. Working with the National Campaign for the Arts, the gallery lobbied the council with a protest letter that contained signatures of support from very many high profile names from the arts. Members and the general public were similarly encouraged express their dismay and anger. Sadly, councillors did approve the budget, but already remedial steps have been taken to improve the relationship between the two organisations, particularly emphasising to the council the breadth of work the gallery undertakes in both exhibitions and educational terms that serves residents of the borough.

Intense preparation was devoted to two areas of work that will start to see fruition in the next financial year. The achievement of successfully negotiating with Citibank its sponsoring at the gallery of the second Citibank Private Bank Photography Prize was however confirmed this year; £75,000 to administer and mount the competition will also enable the gallery to apply to ABSA for pairing funds in order to realise a highly ambitious and wide ranging project. Secondly, with the appointment of management consultants AEA the gallery embarked on its first steps towards a new building redevelopment. As the financial year was coming to a close the draft of the feasibility study to be submitted to the National Lottery Board at Arts Council of England was being completed, the vision being to create a new photography gallery for the year 2000 to do full justice to the possibilities the medium offers.

Two separate portfolio viewing days held during the year - Workday on Sunday and the nationwide event 'Open Sesame' enabled aspiring photographers to receive advice from staff on their work.

Gallery Team

The departure during the year of Suzy Kerr, the Head of Development and Kathy Stephenson, the External Relations Officer allowed for a restructuring of the Development team, with the resultant appointment of Janette Scott as the new Head of Marketing and Development and Anna Starling as the new Press Officer joining the existing part-time Membership Officer. The improved focus on fresh marketing opportunities and increased media coverage is already reaping reward for the gallery.

In January, a long-valued member of the Programming Team, Ruth Charity, left the gallery, her position being temporarily filled by Alison Jenkins. The further evolution of the Team and the integrated programming ethos continues to take shape. Fiona Duncan also left the gallery to take maternity leave; Lou Siroy, Print Co-ordinator, was promoted to cover Fiona's role of Print Manager in her absence. Following a prolonged period of sickness Helen Agama made a welcome return to her position of Finance Officer.

Trustees' Report

The Trustees, who constitute the directors of the company for Companies Act purposes, present their annual report and audited financial statements for the year ended 31 March 1997.

Principal Activities

The Photographers' Gallery Limited is a registered charity whose objects are to further and advance photography as an art form; promote public knowledge, appreciation and understanding of the medium; and organise public exhibitions of photography to these ends.

The Trustees would like to express their gratitude to all its funders, covenants, sponsors and donors this year for all their support of the gallery's work:

Public Support

London Arts Board, City of Westminster, London Boroughs Grants Committee, The Arts Council of England, Visiting Arts, The Cultural Fund of the Swiss Embassy, The Canadian High Commission, The Goethe Institute.

Trust and Foundations

The Baring Foundation, Dixons Group Charitable Trust, Gulbenkian Foundation, John Lyon's Charity, The Photographers' Trust Fund, Sir John Cass's Foundation, Wates Foundation, The Walcot Educational Foundation.

Corporate Support

Autograph: The Association of Black Photographers, Joe's Basement, Enigma Productions, Halina International, Hoegaarden, Ilford Anitec UK, Dewi Lewis Publishing, Kodak, The Guardian, Nikon UK, Smirnoff, The Times, TransCo Travel, Transitions Optical, University of Westminster, The Observer David Hodge Memorial Trust.

Business Review: The Photographers' Gallery (Enterprises) Ltd

The financial year 1996/7 was a very successful one for The Photographers' Gallery (Enterprises) Ltd, seeing a 59% increase in profit. This was achieved by a 4.7% increase in turnover and controlling costs effectively, resulting in a 0.5% decrease in the cost of sales. An independent consultant was approached to look at the current operation of the bookshop and, as a result, a number of steps were taken to increase profitability, including renegotiating the discounts received from publishers and revising the retail prices of certain lines. A new computerised stock control system was introduced to the bookshop at the end of the financial year which will provide more timely and accurate reports.

The Print Sales Room enjoyed one of its best years yet, consolidating sales in America and establishing a firm foothold in the European market. One particular area which has seen expansion this year is that of copyright fees due to increased interest in using photographic images by artists whom the Print Sales Room represent for media promotions. The Print Sales Room Christmas show, Future Present, which showed a strong selection of original framed prints, performed well in attracting many first-time buyers.

Business Review: The Photographers' Gallery

Along with the trading subsidiary the gallery performed exceptionally well this year, in terms of eradicating the 1995/6 deficit and securing matching funding for the redevelopment project.

The gallery quickly responded to the 1995/6 deficit by effectively controlling all expenditure. The direct charitable expenditure was down by 21% in direct response to the 62% decrease in exhibition income. Exhibition income varies tremendously from year to year, being reliant on sponsorship and project funding, and the gallery did well to keep exhibition costs in check. The management and administration costs were down by 13% due to prudent house keeping, the waive of the Trust Fund loan in September (see below) on which interest was paid, and the relatively low interest rates for the year.

The Trust Fund waived its loan of £100,000 and donated £269,012 to the gallery with the restriction that the funds be used solely for capital development purposes. The donated funds are currently invested in the Charity Official Investment Fund.

The gallery consolidated its finances during the year and significantly reduced the creditors on the balance sheet.

Trustees

The Trustees who held office during the year were:

Barbara Lloyd (Chairman)

John Hegarty

Robert Heller

Karen Knorr

Terry Maher resigned 26 March 1997

Fred Manson appointed 9 October 1996

Richard Millwardappointed 4 December 1996

Geoff Mulgan

Brett Rogers

Marianne Wiggins

John Wyver

Auditors

In accordance with Section 385 of the Companies Act a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Acknowledgements

The Trustees express their thanks to all the members of the gallery team, placements and volunteers for their hard work during the year.

By order of the Board

Rubine Mgt.

Barbara Lloyd

Chairman of the Board of Trustees

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Statement of trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the trustees who are also directors for the purposes of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the group and of its financial activities during the year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Report of the auditors to the members of The Photographers' Gallery

We have audited the financial statements on pages 11 to 12.

Respective responsibilities of trustees and auditors

As described on page 9, the trustees, who are also the directors of The Photographers' Gallery Ltd for the purposes of company law, 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 charitable 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 charitable company and the group as at 31 March 1997 and of the group'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.

KPMG
Chartered Accountants
Registered Auditors

..... 1997

Consolidated statement of financial activities

for the year ended 31 March 1997

	<i>Note</i>	Unrestricted funds	Restricted funds	Total funds 1997	Total funds 1996
		£	£	£	£
Income and expenditure					
Incoming resources					
Public funding	3	469,383	-	469,383	460,928
Exhibitions		5,862	44,515	50,377	81,435
Membership, donations and other income	5	72,239	282,375	354,614	111,111
Waiver of trust fund loan and current account		136,236	-	136,236	-
Net income of trading subsidiaries	4	38,803	-	38,803	24,419
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		722,523	326,890	1,049,413	677,893
		<hr/>	<hr/>	<hr/>	<hr/>
Resources expended					
Direct charitable expenditure		(182,192)	(55,593)	(237,785)	(286,574)
Management and administration of the charity		(344,736)	-	(344,736)	(388,745)
Interest payable and similar charges	11	(10,576)	-	(10,576)	(20,542)
		<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	6	(537,504)	(55,593)	(593,097)	(695,861)
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement		185,019	271,297	456,316	(17,968)
Fund balances brought forward at 31 March 1996		(8,619)	4,409	(4,210)	13,758
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balances brought forward at 31 March 1997		176,400	275,706	452,106	(4,210)
		<hr/>	<hr/>	<hr/>	<hr/>

Statement of Recognised Gains and Losses

There are no recognised gains and losses in either the current or previous period other than those included in the statement of financial activities.

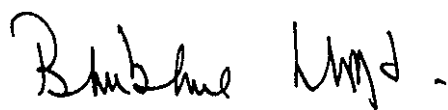
There is no difference between the historical cost profit and the reported profit.

The notes on pages 20 to 22 form part of these accounts.

Consolidated balance sheet
at 31 March 1997

	Note	1997	1996
		£	£
Fixed assets			
Tangible assets	12	295,286	332,651
Current assets			
Stocks	14	140,283	157,888
Debtors	15	135,050	75,044
Cash at bank and in hand		350,477	6,265
		<u>625,810</u>	<u>239,197</u>
Creditors: amounts falling due within one year	16	<u>(468,990)</u>	<u>(381,840)</u>
Net current assets/(liabilities)		<u>156,820</u>	<u>(142,643)</u>
Total assets less current liabilities		<u>452,106</u>	<u>190,008</u>
Creditors: amounts falling due after more than one year	17	<u>-</u>	<u>(194,218)</u>
Net assets/(liabilities)		<u>452,106</u>	<u>(4,210)</u>
Income funds			
Restricted funds	21	277,362	4,409
Unrestricted funds		174,744	(8,619)
		<u>452,106</u>	<u>(4,210)</u>

These financial statements were approved by the board of directors on 19.11.97 and were signed on its behalf by:



Barbara Lloyd
Chairman of the Board of Trustees

Charity balance sheet
at 31 March 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	12		295,286		332,651
Investments	13		2		2
			<hr/>		<hr/>
			295,288		332,653
Current assets					
Stocks	14	30,717		29,699	
Debtors	15	106,795		47,596	
Cash at bank and in hand		291,708		464	
		<hr/>		<hr/>	
		429,220		77,759	
Creditors: amounts falling due within one year	16	(272,402)		(220,404)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			156,818		(142,645)
			<hr/>		<hr/>
Total assets less current liabilities			452,106		190,008
Creditors: amounts falling due after more than one year	17		-		(194,218)
			<hr/>		<hr/>
Net assets/(liabilities)			452,106		(4,210)
			<hr/>		<hr/>
Income funds					
Restricted funds	21		277,362		4,409
Unrestricted funds			174,744		(8,619)
			<hr/>		<hr/>
			452,106		(4,210)
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 14.11.97 and were signed on its behalf by:



Barbara Lloyd
Chairman of the Board of Trustees

Notes

(forming part of the financial statements)

1 Legal status

The Photographers' Gallery is a company limited by guarantee and has no share capital. On winding up each person who is a member at the date of winding up or who ceased to be a member during the year prior to that date is liable to contribute a sum not exceeding £1 towards the assets of the company. As at 31 March 1997 the company has 10 members (*1996: 9 members*).

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group and company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards including the Statement of Recommended Practice "Accounting by Charities". This SORP sets out recommendations on the way in which a charity group should report annually on the resources entrusted to it and the activities it undertakes.

Basis of consolidation

The consolidated financial statements include the financial statements of the charity and the subsidiary undertaking for the period. No subsidiary undertakings have been excluded from the consolidation. In accordance with Section 230 of the companies Act 1985, a separate profit and loss account dealing with the results of the charity has not been presented.

Cash flow

The company has taken advantage of the small companies exemption not to produce a cash flow statement.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Freehold improvements	-	5 years
Leasehold land and buildings	-	life of lease
Furniture and office equipment	-	3 to 5 years
Computer hardware	-	2 years

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of financial activities.

Notes (continued)

Accounting policies (continued)

Leases

All of the company's leases are 'operating leases' and the rental amounts are charged to the statement of financial activities over the period of the leases.

Stock

Stock consists of books, photographic prints, posters, frames and magazines. It is stated at the lower of cost and net realisable value.

Grants

Revenue grants are expended fully in the year of receipt according to the conditions of grant. Grants relating to expenditure on tangible fixed assets are credited to the statement of financial activities account over a period approximating to the useful economic life of the asset. Total grants receivable less the amounts credited to statement of financial activities account at the balance sheet date are included in the balance sheet as deferred income.

3 Public funding

The Photographers' Gallery Limited gratefully acknowledges the support of the following funders during the year.

	1997 £	1996 £
London Arts Board	35,2000	352,000
City of Westminster	61,627	60,420
London Borough Grants Committee (LBGC)	47,008	47,008
Other grants and sponsorship	8,748	1,500
	<hr/> 469,383 <hr/>	<hr/> 460,928 <hr/>

The London Arts Board and City of Westminster grants were expended fully in the year on artistic programmes, general running costs and staff salaries. The LBGC grant has been fully utilised in accordance with the terms under which it was originally granted and has been expended on revenue items in the normal course of the gallery's business, in accordance with sub-section 37(4) of the Local Government and Housing Act 1989.

Notes (continued)

4 Net income from trading activity of subsidiary

The charity has one wholly owned trading subsidiary which is incorporated in the UK. The Photographers' Gallery (Enterprises) Limited operates a bookshop and a photographic print sales room. The company covenants its taxable profits to the Photographers' Gallery Limited. A summary of its trading results is shown below. Audited accounts have been filed with the Registrar of Companies.

	1997 £	1996 £
Turnover	633,325	604,645
Cost of sales	(436,800)	(439,318)
Gross profit	196,525	165,327
Administrative expenses	(9,177)	(15,850)
Operating profit	187,348	149,477
Management charge	(148,545)	(125,058)
Profit on ordinary activities before taxation	38,803	24,419
Covenant of profits to the Photographer's Gallery Ltd	(38,803)	(24,419)
Retained profit carried forward	-	-

5 Donations and other self generated income

Other self generated income comprises membership income, touring income and other similar types of sponsorship.

6 Analysis of total resources expended

	Staff costs £	Depreciation £	Other £	Total 1997 £	Total 1996 £
Direct charitable expenditure					
Artistic programme	76,693	-	161,092	237,785	286,574
Other expenditure					
Management and administration of the charity	281,621	40,665	22,450	344,736	388,745
Interest payable	-	-	10,576	10,576	20,542
	358,314	40,665	194,118	593,097	695,861

Notes (continued)

7 Net (outgoing)/incoming resources for the period

	1997	1996
	£	£
<i>This is stated after charging</i>		
Auditors' remuneration	7,500	7,500
Depreciation	40,665	39,202
Hire of machinery - rentals payable under operating leases	2,524	3,146
Irrecoverable VAT	7,284	7,035
<i>and after crediting</i>		
Deferred Grant Income	(22,796)	(22,796)

The deferred grant income relates to capital grants received towards the gallery's access refurbishment. The balance on the deferred grant is shown in note 17.

8 Remuneration of trustees

No trustees received any remuneration during the year (1996: nil).

9 Staff numbers and costs

The average number of persons employed by the company involved in the administration of the Gallery during the year was as follows:

Number of employees	
1997	1996
25	26
<u>25</u>	<u>26</u>

Of these employees, 4 are engaged full time and 6 part time as sales staff for the Gallery's subsidiary company The Photographers' Gallery (Enterprises) Ltd. Their contract of employment remains with the Gallery, but their salary costs are charged in full to the subsidiary under a licensing and service agreement dated 1 April 1994.

The aggregate payroll costs attributable to the Gallery were as follows:

	1997	1996
	£	£
Wages and salaries	325,149	371,723
Social security costs	33,165	23,568
	<u>358,314</u>	<u>395,291</u>

Notes (continued)

10 Income from Trust Fund

The Trustees of The Photographers' Trust Fund agreed during the year to waive a loan of £100,000 payable by the Charity and a current account of £36,236. This gift has been included as income for the year.

11 Interest payable and similar charges

	1997 £	1996 £
On bank loan	3,936	7,489
On bank overdraft	-	5,461
Other bank interest	3,396	-
On loan from The Photographers' Trust Fund (note 10)	3,244	7,592
	<u>10,576</u>	<u>20,542</u>

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold improvements £	Fixtures, fittings, tools and equipment £	Computer equipment and software £	Total £
<i>Cost</i>					
At beginning of year	491,741	8,396	15,959	26,626	542,722
Additions	-	-	492	2,808	3,300
At end of year	491,741	8,396	16,451	29,434	546,022
<i>Depreciation</i>					
At beginning of year	162,724	7,648	15,959	23,740	210,071
Charge for year	36,190	708	492	3,275	40,665
At end of year	198,914	8,356	16,451	27,015	250,736
<i>Net book value</i>					
At 31 March 1997	292,827	40	-	2,419	295,286
At 31 March 1996	329,017	745	-	2,886	332,651

The net book value at 31 March 1997 represents fixed assets used for:

Direct charitable purposes

Bookshop	-	40	-	-	40
Other purposes					
Management and administration of the charity	292,827	-	-	2,419	295,246
	<u>292,827</u>	<u>40</u>	<u>-</u>	<u>2,419</u>	<u>295,286</u>

Notes (continued)

13 Investments

	1997 £	1996 £
Shares in group companies:		
Cost at beginning of year	2	2
Additions	-	-
	<hr/>	<hr/>
Cost at end of year	2	2
	<hr/>	<hr/>

The investment represents a 100% holding in the ordinary share capital of The Photographers' Gallery (Enterprises) Limited, a company involved in the sale of photographic books and prints. The company is registered in England and Wales.

14 Stock

	Group		Charity	
	1997 £	1996 £	1997 £	1996 £
Goods for resale	136,326	152,189	26,760	24,000
Other stock	3,957	5,699	3,957	5,699
	<hr/>	<hr/>	<hr/>	<hr/>
	140,283	157,888	30,717	29,699
	<hr/>	<hr/>	<hr/>	<hr/>

15 Debtors

	Group		Charity	
	1997 £	1996 £	1997 £	1996 £
Trade debtors	68,675	31,217	3,372	10,950
Other debtors	14,621	13,070	6,468	-
Prepayments and accrued income	51,754	30,757	51,754	28,952
Amounts owed by subsidiary undertakings	-	-	6,398	7,694
Covenant - amount due from The Photographers Gallery (Enterprises) Limited	-	-	38,803	-
	<hr/>	<hr/>	<hr/>	<hr/>
	135,050	75,044	106,795	47,596
	<hr/>	<hr/>	<hr/>	<hr/>

The Gallery has a policy of advancing loans to staff against their salaries for approved purposes (which include travel season tickets, examination fees and courses of vocational training or study). At the year end the staff loans account stood at £4,943 (1996: £2,538) and this amount is included in "other debtors" above.

Notes (continued)

16 Creditors: amounts falling due within one year

	Group		Charity	
	1997	1996	1997	1996
	£	£	£	£
Bank loans and overdrafts	37,898	3,977	37,898	3,977
Trade creditors	247,248	198,244	53,309	41,729
Other creditors	117,857	654	4,637	654
Other taxes and social security	14,794	5,134	15,447	5,134
Accruals and deferred income	28,397	151,035	138,315	168,910
Deferred capital grant	22,796	22,796	22,796	-
	<u>468,990</u>	<u>381,840</u>	<u>272,402</u>	<u>220,404</u>

17 Creditors: amounts falling due after more than one year

	Group		Charity	
	1997	1996	1997	1996
	£	£	£	£
Bank loans	-	71,422	-	71,422
Loan from The Photographers' Trust Fund	-	100,000	-	100,000
Deferred capital grant	-	22,796	-	22,796
	<u>-</u>	<u>194,218</u>	<u>-</u>	<u>194,218</u>

The bank loans and overdrafts are secured on the freehold property and bear interest at a rate of 2½% above the bank's base rate.

18 Taxation

The charity is entitled to exemption from taxation under S505(i) ICTA 1988 as a result of its charitable status. The taxable profits of the charity's subsidiary undertaking are covenanted to the Photographers' Gallery and hence not taxed.

19 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1997		1996	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Operating leases which expire:				
within 1 year	17,000	-	17,000	-
in 2-5 years	-	3,388	-	3,146
	<u>17,000</u>	<u>3,388</u>	<u>17,000</u>	<u>3,146</u>

Notes (continued)

20 Reconciliation of movements in total funds

	Group and charity £
Fund balance brought forward 1 April 1996	(4,210)
Net incoming resources for the period	456,316
	<hr/>
Closing total funds	452,106
	<hr/> <hr/>

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of grants to be applied for specific purposes.

	Balance 31 March 1996	Incoming resources	Movement in funds Expenditure, gains, losses and transfers	Balance 31 March 1997
	£	£	£	£
Charity				
Exhibitions and educational projects	4,409	44,515	(42,230)	6,694
Membership, donations and other income	-	282,375	(13,363)	269,012
	<hr/>	<hr/>	<hr/>	<hr/>
	4,409	326,890	(55,593)	275,706
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Photographers' Trust Fund donated £269,012 during the year with a restriction that the funds be used for capital development purposes, the balance of £13,363 recorded in membership, donations and other income was a marketing audit grant of £7,628, from LAB and £5,735 sponsorship from transitions for the Open Membership Corporation, these amounts have been fully expended in the year.