

The Photographers' Gallery Ltd

(a company limited by guarantee)

Trustees' report and consolidated financial statements

31 March 1996

Registered number 986208

Charity number 262548



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Trustees' report and financial statements

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CHAIR OF THE BOARD OF TRUSTEES REPORT

This is my second full year as Chair of the gallery, and I am pleased to announce that once again we have experienced another twelve months of innovative and exciting projects, changes and expansion. 1995/96 has also been a year in which we have begun to look at resolving the issue of developing a suitable building to fulfil the ambitions and needs of the gallery. Over the next four years making these plans a reality will become our central concern.

During the year the London Arts Board conducted an appraisal of the gallery. We were impressed with the professionalism of LAB's staff in addition to the three outside appraisers; Carol Brown, Roshini Kempadoo and Maddy Morton. The appraisal took place in a most positive climate and was considered by the gallery to be an extremely useful exercise. The recommendations from the appraisal have been duly considered and are now being acted upon throughout the organisation.

We have been fortunate in recruiting three excellent Trustees to the Board, Geoff Mulgan, Marianne Wiggins and John Wyver, who have significantly broadened the range of skills and experience of the Board. Their contribution, along with existing Trustees and staff, ensure the continued success of The Photographers' Gallery.

Programme: Exhibitions and Events

The year commenced with the first ever major exhibition of the acclaimed British artist **John Kippin**. The photographs comprising ***Nostalgia for the Future*** examined a post-industrial northern landscape, in so doing revealing the ironies and inadequacies of a modern world where political and commercial interests collide. The investigation was continued in a 48 page colour catalogue, and was further illuminated by accompanying talks, including an evening with the artist himself in discussion with the Director.

Running concurrently was the Arts Council funded exhibition ***The Amazing Me***, an exciting show which was created by primary school children across Britain working with artists and photographers to create images exploring their own dreams and aspirations. The exhibition, which coincided with the launch of a new Arts Council publication entitled *Picture my World: Photography in the Primary School*, subsequently toured nationally, thus reaching a large extended audience. A one day conference at the gallery, *Photography in the Primary School*, was well attended, as were several teachers' evenings, serving as practical workshops for the profession looking at the techniques used in *The Amazing Me*.

Pulp Fact in May and June gathered together a powerful array of images investigating the phenomenon of the gun and its associations in photography, considering both its allure and more disturbing implications. From historical prints by Larry Clark, William Klein, Helen Levitt and Weegee to contemporary work by Joan Barker, Pedro Meyer and Richard Misrach, some disquieting images were presented. The exhibition's theme was extended by Paul Seawright's **Police Force**, a behind the scenes look at one of Northern Ireland's most powerful institutions, the Royal Ulster Constabulary.

Made over the last four years by the well known British photographer Martin Parr, the vivid colour images of **Small World** portrayed tourists as symbolising western society's prosperous freedom, while paradoxically highlighting the tensions found amid the increasing homogenisation of cultures. A succession of supporting events were programmed to link in with the show, including a *Taking the Tourist Trail* young people's workshop and a sixth form summer school, both exploring the nature of the tourist industry in central London with photographer Dave Lewis.

In the same exhibition slot, a retrospective in collaboration with the Minneapolis Institute of Art was devoted to Jerome Liebling, one of the great unsung heroes of American photography, progressed his commitment to exploring common human experience in the form of 100 of his most outstanding photographs in **The People, Yes**.

Organised by the Howard Greenburg Gallery, New York, the most popular exhibition of the year took place in early autumn with **Appeal to this Age**, a major group show which brought together images by more than forty photographers, documenting the struggles and triumphs of the Civil Rights Movement 1954-68. Work by Richard Avedon, Robert Frank, Danny Lyon and others succeeded in making visible the abstract forces of injustice, racism and prejudice. A series of four 'Rights Nights', organised with Liberty, an independent voluntary organisation, encouraged discussion of contemporary rights issues.

One person exhibitions were dedicated to Dawoud Bey (**Polaroid Portraits**) and Martine Barrat (**Do or Die**) in this period, the latter artist visiting the gallery for an evening of conversation surrounding her extraordinary images of boxing.

Towards the end of the year the historical exhibition curated by the Royal Anthropological Institute, **The Impossible Science of Being- Dialogues between Anthropology and Photography**, examined the parallel histories and common strategies between the two disciplines. Three new installations by contemporary artists Faisal Abdu' Allah, Zarina Bhimji and Dave Lewis, made in direct response to the archival images, were commissioned jointly by the gallery and *Autograph: The Association of Black Photographers*. Also presented in association with *Autograph* and timed to coincide with the London-wide 'Africa95' festival was the companion show to the above, Samuel Fosso's **Self Portraits**.

With generous support from the Brazilian Embassy, the British Council in Brazil and Visiting Arts, **Novas Travessias** took over both main gallery spaces from January to March, exploring the diversity of contemporary photographic work from Brazil. Grounded in the political, social and economic realities of that country, the exhibition reflected the dynamism and vibrancy of the culture through work that, on the whole, was seen for the first time in Britain. A fully illustrated book, published by Verso, accompanied the exhibition, and four of the artists participating in the exhibition came to London to organise a series of talks and workshops.

Programme: Special Projects

Rosendale Odyssey

This project is an ongoing collaborative initiative between Rosendale Infants School and The Photographers' Gallery, with technical support from Artec.

Rosendale Infants' School in South London is a large inner city school. There are 22 different languages spoken in the school, with children from African, Caribbean, Asian, Chinese and European descent. Some children have more recently arrived in this country, and there are children whose families have lived in the area for generations.

In 1997, the school will be celebrating its centenary year, and the idea for the project takes this occasion as a starting point. However, rather than taking a nostalgic look back at the school's Victorian origins, the approach will be to take the 'historical' theme as a springboard for involving the children in an interactive multimedia exploration of their diverse personal histories.

Work on the project began in October 1995, offering an innovative and exciting opportunity for young children to assert the importance and significance of their own experiences. Using photography and digital technology as creative media they are exploring local and international events in relation to movements of peoples during the last 100 years. By using the digital communications networks of the internet and JANET, the children will open dialogues and exchange ideas and experiences with children in other primary schools locally, nationally and internationally, exploiting the internet's potential as a creative and educational tool.

The children will have the opportunity to work directly with photographers and artists in residence, and will use photography, video and digital media, alongside drawing, creative writing and music, to bring together and represent important and significant aspects of their lives. The programme will include the children's photographs and manipulated images, school archive pictures, digitised movies, historical images (local, international and family albums), texts, songs, music and voice over. Together this will create an extensive and richly diverse living archive with the potential to be accessed by millions of people around the world.

The project ran throughout the school year up to July 1996. The finished work will be shown in a 'virtual gallery' space on the internet, and will also be produced as an interactive CD. All the children's work will be exhibited at The Photographers' Gallery in April 1997 during a major exhibition of digital work by international artists.

De@fsite Multimedia Project for Deaf Artists

The gallery, with funding from the City of Westminster, appointed in December 1995 its first Project Organiser who, working as part of the Programming team, has been instrumental in setting up *De@fsite*, a project aiming to examine links between visual languages and learning strategies through British Sign Language, photography and multimedia. Participants in the project will use new and archival photographic imagery combined through multimedia technology with video, text and graphics to explore notions of language, sense and identity, particularly in relation to Deaf education. This innovative project will provide an exciting and challenging opportunity for Deaf people in the Westminster and neighbouring boroughs to share ideas and issues that concern them and their relationship to the hearing world. It is planned that the project will take place in autumn/winter 1996. The gallery has been proactive in immersing itself into aspects of Deaf culture generally, with Deaf Awareness Training having been undertaken by all staff, and an increased proportion of talks and events made available to the Deaf community through BSL interpretation.

Print Sales Room

The Print Sales Room continues to mount its own series of exhibitions which compliment the main gallery shows. The past year has seen diverse supporting shows, from the vintage work of **Berenice Abbott** and **Bob Willoughby**, to the up-and-coming, in **Lana Wong** and **Luca Zampedri**. The Print Sales Room benefited from the charity auction Christmas exhibition, *I Wish I Wish*, with a younger British clientele enthusiastically buying work from the show for the first time. The special edition Prime Prints continued too in a successful vein, with the fifth in the series, David Byrne's *Untitled Polaroid Piece*, selling out during the course of Byrne's ***Strange Ritual*** exhibition.

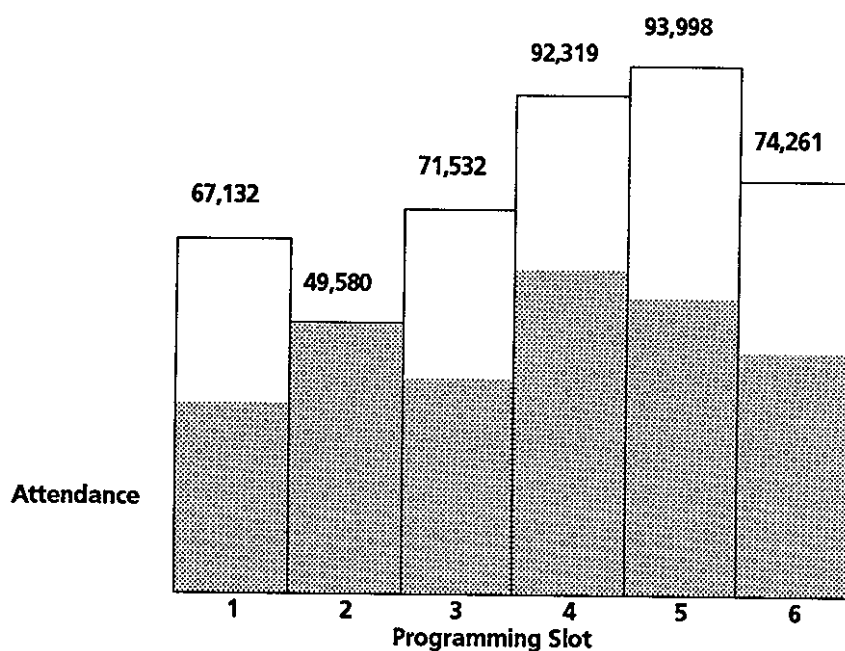
Development: Marketing and Audience

New designers, a young and dynamic team called Society, were appointed in the spring of 1995 with a remit to produce publicity material which would bring together all the exhibitions and events information previously contained in the bi-monthly Diary, the two newsletters *Illuminator* and *Format* and occasional event flyers. The resultant streamlined magazine GREAT, has since its launch in June proved popular as a stylish and distinctive piece of print which is clear in promoting the gallery's various activities whilst serving a further function to interested public through the inclusion of informed and stimulating articles, news and views. The magazine, published six times per year, is continuing to improve and evolve with each issue.

In conjunction with Print Room staff, the Development department revised its membership scheme and introduced the 'Membership Print Collection', a new concept for the gallery and its supporters by offering varying levels of membership which each carry different benefits. Those individuals joining at collector level or above are given the choice of a limited edition original print by a range of distinguished photographers. The MPC saw in its first year more than a dozen new high level members in addition to many more ordinary members, thus providing an importance source of earned income.

Open to all was the programme of events run, once again, in collaboration with the Royal Photographic Society Contemporary Group and London Independent Photographers. 'Tuesday Talks' focusing on electronic imaging, and a Sunday symposia including one on documentary women photographers were very well attended.

For the second consecutive year, audience figures were significantly more than the previous year, this time up by more than 40,000 despite a considered return to six as opposed to seven slots (to allow more time for planning and fund-raising). The attendance breakdown for specific exhibitions throughout the year is as follows:



Programme Key *shaded section for each slot refers to bold title below*

1	John Kippin <i>Nostalgia for the Future</i> <i>The Amazing Me and Other Stories</i>	4	Appeal to this Age Dawoud Bey / Martine Barrat
2	Pulp Fact	5	The Impossible Science of Being <i>I Wish I Wish</i>
3	Martin Parr <i>Small World</i> Jerome Liebling <i>The People, Yes</i>	6	Novas Travessias: New Brazilian <i>Photography</i>

Other Activities

With the aim of involving a wide audience in its ideas for planning for change, the gallery organised a series of 'Open Fora', which took place in October, November and January. Distinguished speakers, including Sir David Puttnam, Marjorie Allthorpe Guyton of the Arts Council, and John Kieffer of the London Arts Board were invited to present their views on the future of photography in London. The ensuing debates allowed the gallery to gain a much clearer vision of its position on a number of important issues, whilst opening communication channels for external feedback and opinions of how the gallery may respond in the most positive way to its own future challenges.

'Work Day on Sunday', an occasion for the public to have their portfolios viewed by gallery staff and other invited experts was instigated in April 1995. A number of people took the opportunity of obtaining free advice on their work and photographic practice, from professionals such as Mark Sealey (Autograph), Vicki Lukens (the Independent on Sunday) and Chris Boot (Magnum). The event was repeated in September and involved Steve Mayes, Zarina Bhimji and others.

Gallery Team

During the year we continued to develop and improve the existing staff structure. With the departure of Ian Jindal, the Deputy Director, we took the opportunity to create a new position of Administrator and appointed Emma Morris in January 1996. Though assuming a similar set of responsibilities, this post was not a replacement for the Deputy Director, and facilitated the creation of a more balanced Senior Management team which includes the Director, the Administrator, Head of Development and Senior Programmer, who meet weekly for gallery strategy planning.

The integration of the education and exhibitions departments into one team was completed, with Alec Leggat becoming Senior Programmer and team leader. Jeremy Miller joined the programming team in December as Programme organiser, and Olivia Tumim was recruited as Deaf Co-ordinator for the Deaf Photography Project, a post funded by the City of Westminster.

Further rationalisation of time and resources also took place within the technical department, as John Butler continued to manage a streamlined team of two part-time assistants. Two part-time receptionists, as well as a new Administrative Co-ordinator, Susan Wicks, joined the gallery in the course of the year.

The Photographers' Trust Fund

The gallery sustains an excellent relationship with The Photographers' Trust Fund. Their annual sponsorship over the years has been vital to wide range of exhibitions that the gallery has been able to mount.

In 95/96 the Fund supported two major exhibitions: *Novas Travessias, New Directions in Brazilian Photography* and *The Impossible Science of Being, Dialogues between anthropology and photography*.

The Photographers' Trust Fund facilitated a loan to the gallery in 1994 of £100,000. The Trust has now decided to waive the re-payment of this loan, so in fact making a gift of £100,000 to the gallery. The trustees of The Photographers' Gallery are extremely grateful to the Trust for this act of generosity.

Because this decision was taken in September 1996, this was a post balance sheet event and so is not reflected in the 1995/96 accounts but is detailed in note 25.

The Photographers' Gallery (Enterprises) Ltd

Having now completed its second year of trading, The Photographers' Gallery (Enterprises) Ltd, comprising the Bookshop and the Print Sales Room, produced good end of year results. All taxable profits made by Enterprises are covenanted to the gallery to support the aims and objectives of the organisation.

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 1996.

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, Northern Arts, The Cultural Fund of the Brazilian Embassy, The British Council in Brazil.

Trust and Foundations

Calouste Gulbenkian Foundation, John Lyon's Charity, The Photographers' Trust Fund, Sir John Cass's Foundation, The Walcot Educational Foundation, Baring's Foundation.

Corporate Support

Autograph: The Association of Black Photographers, Joe's Basement, 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 results for this year are disappointing, particularly in light of the previous two years' modest surpluses. The deficit has to be seen in the light of prudent housekeeping, with a significant increase in provisions for bad debts. This can only protect the gallery in the future and alert the Finance team to the importance of improving on credit control.

The aggregated turnover of the gallery has increased by just over 3%, with Enterprises enjoying another record year of sales. The Programming team performed well in securing additional funds for exhibitions, catalogues and projects, reflected in almost a 9% increase in direct charitable expenditure. Membership also continued to attract a high level of support.

Administration and Management expenditure has increased by just under 5%, in part due to the increase in provisions already mentioned. In almost all other areas the expenditure has kept within budget and all staff are to be congratulated for their commitment to, and success in, containing costs.

With the Trust Fund generously converting the £100,000 loan to a gift, and the determination from the Management team to recover from this year's deficit in the next two financial years, the gallery is looking to be in a stronger and healthier position for the impending capital development project.

To comply with the new Charities' Act, we have produced financial statements which itemise funds received for restricted and unrestricted sources.

Trustees

The Trustees who held office during the year were:

Barbara Lloyd (Chairman)

John Hegarty

Robert Heller

Karen Knorr

Terry Maher

Geoff Mulgan appointed 24 April 1995

Brett Rogers

Marianne Wiggins appointed 25 July 1995

John Wyver appointed 25 July 1995

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 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;
- 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 also have a general responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

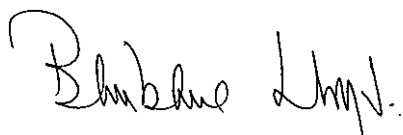
Auditors

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

A handwritten signature in dark ink, appearing to read 'Barbara Lloyd'.

Barbara Lloyd

Chairman of the Board of Trustees



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

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

We have audited the financial statements on pages 12 to 25 which have been prepared under the historical cost convention and the accounting policies set out on page 16.

Respective responsibilities of trustees and auditors

As described on page 9 the trustees, who are also the directors of The Photographers' Gallery 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 the financial 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 directors 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 charity and the group as at 31 March 1996 and of its 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
KPMG
Chartered Accountants
Registered Auditors

13 November 1996

The Photographers' Gallery Limited

(a company limited by guarantee)

Consolidated statement of financial activities

for the year ended 31 March 1996

	Note	Unrestricted funds	Restricted funds	Total funds 1996	Total funds 1995
		£	£	£	£
Income and expenditure					
Incoming resources					
Public funding	3	460,928	-	460,928	455,578
Exhibitions		27,861	53,574	81,435	74,257
Membership, donations and other income	5	86,111	25,000	111,111	110,104
Interest receivable and similar income	10	-	-	-	19
Net income or trading subsidiaries	4	24,419	-	24,419	17,764
Total incoming resources		<u>599,319</u>	<u>78,574</u>	<u>677,893</u>	<u>657,722</u>
Resources expended					
Direct charitable expenditure		(195,394)	(91,180)	(286,574)	(263,868)
Management and administration of the charity		(388,745)	-	(388,745)	(369,360)
Interest payable and similar charges		(20,542)	-	(20,542)	(23,354)
Total resources expended	6	<u>(604,681)</u>	<u>(91,180)</u>	<u>(695,861)</u>	<u>(656,582)</u>
Net incoming/(outgoing) resources before transfer	7	<u>(5,362)</u>	<u>(12,606)</u>	<u>(17,968)</u>	<u>1,140</u>
Transfer between funds		(17,015)	17,015	-	-
Net incoming/(outgoing) resources for the year and net movement in funds		<u>(22,377)</u>	<u>4,409</u>	<u>(17,968)</u>	<u>1,140</u>
Fund balances brought forward at 1 April 1995		<u>13,758</u>	-	<u>13,758</u>	<u>12,618</u>
Fund balances carried forward at 31 March 1996		<u><u>(8,619)</u></u>	<u><u>4,409</u></u>	<u><u>(4,210)</u></u>	<u><u>13,758</u></u>

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 16 to 25 form part of these accounts.

The Photographers' Gallery Limited

(a company limited by guarantee)

Consolidated Summary Income and Expenditure account for the year ended 31 March 1996

	Note	1996 £	1995 £
Gross income of continuing operations		653,474	639,958
Non-charitable trading activities: net income	4	<u>24,419</u>	<u>17,764</u>
Total income of continuing operations		677,893	657,722
Total expenditure of continuing operations	6	<u>(695,861)</u>	<u>(656,582)</u>
Net income/(expenditure) for the year		<u>(17,968)</u>	<u>1,140</u>

- Total income comprises £599,319 for unrestricted funds and £78,574 for restricted funds. A detailed analysis of income by source is provided in the statement of financial activities.
- Turnover of non-charitable trading activities amounted to £604,645. A detailed analysis of trading results is shown in note 4.
- The Summary income and expenditure account is derived from the statement of financial activities on page 12 which together with the notes to the accounts on pages 16 to 25 provides full information on the movements during the year on all the funds of the group.

The notes on pages 16 to 25 form part of these accounts.

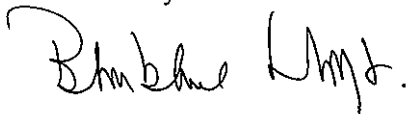
The Photographers' Gallery Limited

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Consolidated balance sheet at 31 March 1996

	Note	1996 £	£	1995 £	£
Fixed assets					
Tangible assets	12		<u>332,651</u>		<u>368,196</u>
Current assets					
Stocks	14	157,888		130,454	
Debtors	15	75,044		132,012	
Cash at bank and in hand		<u>6,265</u>		<u>7,747</u>	
			<u>239,197</u>		<u>270,213</u>
Creditors: amounts falling due within one year	16	<u>(381,840)</u>		<u>(368,777)</u>	
Net current liabilities			<u>(142,643)</u>		<u>(98,564)</u>
Total assets less current liabilities			<u>190,008</u>		<u>269,632</u>
Creditors: amounts falling due after more than one year	17		<u>(194,218)</u>		<u>(249,874)</u>
Provisions for liabilities and charges	18		<u>-</u>		<u>(6,000)</u>
Net assets			<u>(4,210)</u>		<u>13,758</u>
Income funds					
Restricted funds	22	4,409		13,758	
Unrestricted funds		<u>(8,619)</u>		<u>-</u>	
			<u>(4,210)</u>		<u>13,758</u>

These financial statements were approved by the board of directors on November 6^m 1996 and were signed on its behalf by:



Barbara Lloyd
Chairman of the Board of Trustees

The Photographers' Gallery Limited

(a company limited by guarantee)

Company balance sheet at 31 March 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	12		332,651		368,196
Investments	13		2		2
			<u>332,653</u>		<u>368,198</u>
Current assets					
Stocks	14	29,699		10,117	
Debtors	15	47,596		111,123	
Cash at bank and in hand		464		7,634	
		<u>77,759</u>		<u>128,874</u>	
Creditors: amounts falling due within one year	16	(220,404)		(227,440)	
Net current liabilities			<u>(142,645)</u>		<u>(98,566)</u>
Total assets less current liabilities			<u>190,008</u>		<u>269,632</u>
Creditors: amounts falling due after more than one year	17		(194,218)		(249,874)
Provisions for liabilities and charges	18		-		(6,000)
Net assets			<u>(4,210)</u>		<u>13,758</u>
Income funds					
Restricted funds	22	4,409		-	
Unrestricted funds		(8,619)		13,758	
			<u>(4,210)</u>		<u>13,758</u>

These financial statements were approved by the board of directors on November 6th 1996 and were signed on its behalf by:

Barbara Lloyd
Chairman of the Board of Trustees

Barbara Lloyd

The Photographers' Gallery Limited

(a company limited by guarantee)

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 1996 the company has 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.

Cashflow

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 gains or losses on translation are included in the statement of financial activities.

The Photographers' Gallery Limited

(a company limited by guarantee)

Notes (continued)

2 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.

	1996 £	1995 £
London Arts Board	352,000	352,000
City of Westminster	60,420	56,570
London Borough Grants Committee (LBGC)	47,008	47,008
Other	1,500	-
	<hr/>	<hr/>
	460,928	455,578
	<hr/>	<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.

The Photographers' Gallery Limited

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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.

	1996	1995
	£	£
Turnover	604,645	522,303
Cost of sales	(439,318)	(366,320)
Gross profit	165,327	155,983
Administrative expenses	(15,850)	(13,026)
Operating profit	149,477	142,957
Management charge	(125,058)	(125,193)
Profit on ordinary activities before taxation	24,419	17,764
Covenant of profits to the Photographer's Gallery Ltd	(24,419)	(17,764)
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 £
Direct charitable expenditure				
Artistic programme	65,060	-	221,514	286,574
Other expenditure				
Management and administration of the charity	330,231	39,202	19,312	388,745
Interest payable	-	-	20,542	20,542
	<u>395,291</u>	<u>39,202</u>	<u>261,368</u>	<u>695,861</u>

The Photographers' Gallery Limited

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Notes (continued)

7 Net (outgoing)/incoming resources for the period

	1996	1995
	£	£
<i>This is stated after charging</i>		
Auditors' remuneration	7,500	5,000
Depreciation	39,202	42,772
Hire of machinery - rentals		
payable under operating leases	3,146	6,777
Irrecoverable VAT	7,035	9,329

and after crediting

Deferred Grant Income	(22,796)	(22,788)
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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 (1995: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	
1996	1995
26	23

The Photographers' Gallery Limited

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Notes (continued)

9 Staff numbers and costs (continued)

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 licencing and service agreement dated 1 April 1994.

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

	1996 £	1995 £
Wages and salaries	371,723	278,419
Social security costs	23,568	21,240
	<u>395,291</u>	<u>299,659</u>

10 Interest receivable and similar income

	1996 £	1995 £
Bank interest	-	19
	<u>-</u>	<u>19</u>

11 Interest payable and similar charges

	1996 £	1995 £
On bank loan	7,489	8,575
On bank overdraft	5,461	4,892
Other bank interest	-	3,753
On loan from The Photographers' Trust Fund (note 17)	7,592	6,134
	<u>20,542</u>	<u>23,354</u>

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Notes (continued)

12 Tangible fixed assets

Group and charity	Freehold land and buildings	Leasehold improvements	Fixtures, fittings, tools and equipment	Computer equipment and software	Total
	£	£	£	£	£
Cost					
At beginning of year	491,741	8,396	15,959	22,958	539,054
Additions	-	-	-	3,668	3,668
	<u>491,741</u>	<u>8,396</u>	<u>15,959</u>	<u>26,626</u>	<u>542,722</u>
At end of year	491,741	8,396	15,959	26,626	542,722
Depreciation					
At beginning of year	126,528	6,807	15,959	21,575	170,869
Charge for year	36,196	841	-	2,165	39,202
	<u>162,724</u>	<u>7,648</u>	<u>15,959</u>	<u>23,740</u>	<u>210,071</u>
At end of year	162,724	7,648	15,959	23,740	210,071
Net book value					
At 31 March 1996	<u>329,017</u>	<u>748</u>	<u>-</u>	<u>2,886</u>	<u>332,651</u>
At 31 March 1995	<u>365,224</u>	<u>1,589</u>	<u>-</u>	<u>1,383</u>	<u>368,196</u>

The net book value at 31 March 1996 represents fixed assets used for:

Direct charitable purposes

Bookshop	-	748	-	-	748
Other purposes					
Management and administration of the charity	329,017	-	-	2,886	331,903
	<u>329,017</u>	<u>748</u>	<u>-</u>	<u>2,886</u>	<u>332,651</u>

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Notes (continued)

13 Investments

	Charity 1996 £	Charity 1995 £
Shares in group companies:		
Cost at beginning of year	2	-
Additions	-	2
	<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 1996 £	Charity 1996 £	Group 1995 £	Charity 1996 £
Goods for resale	152,189	24,000	125,337	5,000
Other stock	5,699	5,699	5,117	5,117
	<hr/>	<hr/>	<hr/>	<hr/>
	157,888	29,699	130,454	10,117
	<hr/>	<hr/>	<hr/>	<hr/>

15 Debtors

	Group 1996 £	Charity 1996 £	Group 1995 £	Charity 1995 £
Trade debtors	31,217	10,950	68,123	48,763
Other debtors	13,070	-	12,121	9,135
Prepayments and accrued income	30,757	28,952	51,768	45,649
Amounts owed by subsidiary undertakings	-	7,694	-	7,576
	<hr/>	<hr/>	<hr/>	<hr/>
	75,044	47,596	132,012	111,123
	<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 £2,538 (1995: £7,027) and this amount is included in "other debtors" above.

The Photographers' Gallery Limited

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Notes (continued)

16 Creditors: amounts falling due within one year

	Group 1996 £	Charity 1996 £	Group 1995 £	Charity 1995 £
Bank loans and overdrafts	3,977	3,977	142,165	126,765
Trade creditors	198,244	41,729	148,355	22,418
Other creditors	654	654	13,607	13,607
Other taxes and social security	5,134	5,134	9,160	9,160
Accruals and deferred income	151,035	168,910	32,694	32,694
Deferred capital grant	22,796	-	22,796	22,796
	<u>381,840</u>	<u>220,404</u>	<u>368,777</u>	<u>227,440</u>

17 Creditors: amounts falling due after more than one year

	Group 1996 £	Charity 1996 £	Group 1995 £	Charity 1995 £
Bank loans	71,422	71,422	104,282	104,282
Loan from The Photographers' Trust Fund	100,000	100,000	100,000	100,000
Deferred capital grant	22,796	22,796	45,592	45,592
	<u>194,218</u>	<u>194,218</u>	<u>249,874</u>	<u>249,874</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. The loan from The Photographers' Trust Fund bears interest at a variable rate between the gallery's overdraft rate (2½% above bank base rates) and the Trust Fund's interest rate receivable upon deposits.

18 Provisions for liabilities and charges

	Charity £
At beginning of year	6,000
Charge for the year in the statement of financial activities	-
Released in year	<u>(6,000)</u>
At end of year	<u>-</u>

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Notes (continued)

19 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.

20 Commitments

	1996 £	1995 £
Annual commitments under non-cancellable operating leases are as follows:		
Operating leases which expire:		
within 1 year	-	-
in 2-5 years	3,146	6,777
	<u>3,146</u>	<u>6,777</u>

21 Reconciliation of movements in total funds

	Group and charity
Fund balance brought forward 1 April 1995	13,758
Net outgoing of resources for the period	<u>(17,968)</u>
Closing total funds	<u>(4,210)</u>

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Notes (continued)

22 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 1995	Movement in funds		Balance 31 March 1996
		Incoming resources	Expenditure, gains, losses and transfers	
	£	£	£	£
Charity				
Exhibitions	-	34,074	(32,637)	1,437
Education projects	-	19,500	(16,528)	2,972
Membership and donations	-	25,000	(25,000)	-
	<u>-</u>	<u>78,574</u>	<u>(74,165)</u>	<u>4,409</u>

During the year the gallery received funding totalling £13,400 from the Brazilian Embassy and the Arts Council of England and the British Council as a contribution towards the direct costs of two exhibitions - "Novas Travessas" and "The Impossible Science of Being". Northern Arts contributed £3,000 specifically towards the costs for the John Kippin catalogues, with the Arts Council of England awarding £14,634 towards the costs of producing the Paul Seawright catalogues. A further £3,040 was received from the Arts Council of England as a research grant towards the 1997/8 exhibition 'Airports'. Sponsorship totalling £5,000 was received from Transitions for the annual Members' Competition.

Gallery projects (Rosendale and the Deaf Photography Project) were awarded £19,500 from the City of Westminster, the Barings Foundation, the Walcot Educational Foundation, Sir John Cass's Foundation and the Calouste Gulbenkian Foundation.

A gift of £20,000 was donated to the gallery with the restriction that it be used only for capital development projects.

Restricted funds are usually expended during the year. The balance of the funds at year end are represented by current assets.

23 Post balance sheet event

During August 1996 the £100,000 loan from the Photographers' Trust Fund was converted to a donation.