

THE FINE ART TRADE GUILD

2942955

REPORT AND ACCOUNTS

31 DECEMBER 2007

AND NOTICE OF ANNUAL GENERAL MEETING

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the Fine Art Trade Guild will be held at 4pm on Wednesday 2nd April 2008 at the Guild Office, 16 – 18 Empress Place, London SW6 1TT to receive the Report and Accounts, to elect Officers and Members of the Court and to transact the business of the Fine Art Trade Guild

AGENDA

- 1 Master's Report
- 2 Treasurer's Report
- 3 Adoption of the Annual Report and Accounts
- 4 Election of Officers and Members of the Court
- 5 Re-election of Auditors
- 6 Any other business

By Order
Christrose Sumner
Managing Director
Fine Art Trade Guild
16-18 Empress Place
LONDON SW6 1TT
UK
20 February 2008

THURSDAY



A07 *ALT2M4L1* 200
06/11/2008
COMPANIES HOUSE

THE FINE ART TRADE GUILD
ANNUAL REPORT AND ACCOUNTS
31 DECEMBER 2007

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THE FINE ART TRADE GUILD IN 2007 – KEY FACTS

- Trade Association for the art and framing industry
- Prime purpose to inform, promote and assist development of businesses and practitioners within the art and framing sector
- Formed in 1910, the Fine Art Trade Guild has Members in 23 countries, primarily in the United Kingdom and Ireland, also in Australia, Canada, China, Denmark, Germany, Greece, India, Italy, Kenya, Malaysia, Netherlands, New Zealand, Nigeria, Norway, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, USA
- Total membership 1875 (includes 774 artists affiliated through their societies, which are Guild members)

Members commit to a clear Code of Ethics and include:

- multi-national to sole trader businesses, retail to manufacturers, exporters and importers
- artists and artists' agents, fine art printers and publishers
- fine art printer equipment suppliers
- art materials manufacturers and distributors
- art materials shops
- framing material and equipment manufacturers and distributors
- bespoke and contract framers
- frame and art restorers and conservators
- galleries, contemporary art dealers, corporate art businesses
- trainers to the art and framing industry
- computer software and hardware suppliers to the sector
- organisers of related trade and consumer exhibitions, web and internet service providers

Active participation of members is through specialist committees, local events, seminars, Court of the Guild (Board of Directors), trade shows. These are promoted through www.fineart.co.uk and Guild publications

Affiliations:

Member of the British Standards Institute

Member of the Photo Imaging Council Advisory Board (PIC)

Member of Art Copyright Coalition

British Government Accredited Trade Organisation

British Shops and Stores Association affiliate

ISO 9001 2000 – fourth assessment June 2007

Highlights:

- Membership increased overall, recruitment up 33%
- Membership Income – up 2%
- Consumer awareness raised – tens of thousands of consumer leaflets distributed, The Independent newspaper supplement featured Guild framing and qualifications to nearly 400,000 readers, joint publications with A&C Black on sale in high street book stores, with business skills for artists and start-up advice on running framing and gallery businesses
- Art Business Today – comprehensive trade news and features, information and education
- bssa link-up for added value to Guild Members, including new retailer benefits, e.g. 0% finance for increasing art sales
- UKTI funding support of nine companies at overseas trade fairs

Thank-you to our Sponsors - We couldn't have achieved what we have without the generous sponsorship of Arqadia, Autumn Fair Birmingham, Besso Ltd, Canon UK, Daler-Rowney, DeMontfort, Designline Systems, Epson UK, Framers Corner, Glass & Mirror, Great Art, Hahnemuhle Fine Art, Hot Press, F W Holroyd, International Graphics Walmesley GmbH, LION Picture Framing Supplies, LION Art Service (Russia), Peterboro Cardboards, Profile Magazine, D & J Simons & Sons, Slater Harrison, Spring Fair Birmingham, Larson-Juhl New Zealand, High Street Gallery 1973 (New Zealand), Washington Green Fine Art, Wessex Pictures and all those framers who provided their premises and expertise for GCF testing and training

DIRECTORS OF THE FINE ART TRADE GUILD AS AT 31 DECEMBER 2007

Officers:

Peter Hayton GCF, (Master), Towngate and Designline Systems
Colin Ruffell, (Members' Warden), crabfish.com
James Stock, (Master's Warden), Great Art
Paul Cumberland (Treasurer), Birds, Birds, Birds

Elected Members of the Court:

Neil Duguid, Primrose Gallery
Mark Gask, Gallery 1
Martin Harrold, LION Picture Framing Supplies
Paula McConkey, Midas Mouldings
Angela Ryder, Bentley Publishing Group
Barry Leveton GCF Advanced, Leveton & Sons
Steven McKee GCF Advanced, Dromore Picture Framing (formerly The McKee Gallery) & Down School of Picture Framing

Elected Members of the Court/Committee Chairmen:

Fine Art Committee - Colin Ruffell, artist
Framers Committee - Barry Leveton GCF Advanced
Publishers & Printers Committee - vacant

Branch Masters:

Cotswolds - Mike Selway GCF	East Midlands - Ian Parsons
London - Ian Dixon GCF	New Zealand - Gary Wright
North East - vacant, Maxwell Roberts standing in as Acting Branch Master	Northern Ireland - Rolf Lawson GCF
North West - Karl Smith	Scotland North - Alan Milne GCF
Republic of Ireland - Eamonn Burke GCF	Scotland South - Jackie Armstrong
Scotland South - Richard Atkin GCF	South East - Jackie Armstrong
South West - Richard Broome GCF	Wessex - Barry Pollitt
West Midlands - John Fish GCF	

(Company details on www.fineart.co.uk and latest copy of *Art Business Today*)

Managing Director and Company Secretary:

Christrose Sumner

PROFESSIONAL ADVISORS

Bankers:

Unity Trust Bank plc
9 Brindley Place
Birmingham B1 2HB

Auditors:

Chantrey Vellacott, DFK LLP
Russell Square House
10/12 Russell Square
London WC1B 5LF

Insurance Brokers:

Besso Limited
8-11 Crescent
London EC3N 2LY

Solicitors:

Moorhead James
Kildare House
3 Dorset Rise
London EC4Y 8EN

Company Number 2942955

MESSAGE FROM THE MASTER OF THE GUILD

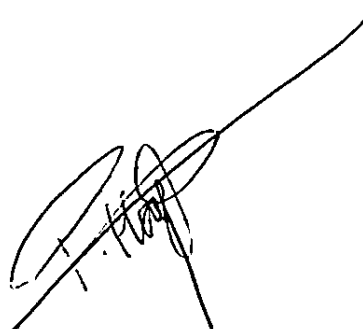
In 2007, the focussed attention of Guild Staff and the Court of the Guild combined to tackle the falling membership numbers. New benefits significant to the well-being of the retailer members were brought on board through the British Shops and Stores Association, at an expense to the Guild, but excellent value for money, to give vital support in difficult trading times. The Guild's flagship publication, Art Business Today, continued to inform, excite and help businesses throughout the sector to increase sales and profits. Revenue generated through Art Business Today contributes strongly to holding down membership fees, which do not of themselves cover the cost of running the Guild's excellent range of membership support services. The Art & Framing Industry Awards were again a brilliant occasion to celebrate excellence in the sector, but disappointingly few attended which failed to reward the hard work and commitment invested by the staff and many Guild Members. This initiative delivers much-needed publicity opportunities for artists, framers and other businesses, but we will lose it if it continues to be poorly attended. The Awards Event is superb fun and a chance for us all to be inspired.

This year the Guild's good name has been put in front of the public more than ever before, in national newspapers, through Guild Members' distribution of the consumer leaflets the Guild produces to stimulate their businesses, and with the increasing range of publications with A&C Black, which ensure that budding professional artists and start-up businesses are fully aware of the trade association's expertise and experience.

I was delighted that Guild Members voted in March to contribute to the massive redevelopment of the Guild website. The Web Development Group's discussions were captured in a comprehensive Functionality document, which was put out to tender. The Executive has selected a partner, e-mango Ltd, skilled in trade association websites that need to maximise benefit for members, whilst providing a crucial information site for the public and the whole trade, driving them to use Guild Members' products and services. Modern technology will allow us to do a much better job signposting the right people to Members' doors, and this opens up many more earning opportunities for members and for the Guild. www.fineart.co.uk will be the state of the art hub, the first place anyone, worldwide (including on your doorstep!), will go for anything remotely connected with art, framing, pictures, digital printing - anything and everything. The new website is expected to be up and running during the first half of 2008. Members' web contributions are not shown in the 2007 accounts as they are brought into the 2008 accounts, and are wholly ring-fenced to finance the project.

Whilst it was tempting to shut down on activity, the Court of the Guild recognised that it had to strengthen, not weaken, Member benefits, strengthen, not weaken, support to Members, strengthen, not weaken, its publicity to drive buyers to its Members. For the second year in succession, the Guild spent more than it generated in revenue. The financial plan for 2008 reverses this, beginning to reap the benefits of the new website and its revenue generating potential. As my term of office as Master of the Guild comes to an end, I ask you all to support the Guild and its initiatives. Please join me at the Guild Awards Event in Bristol. I also urge you to get involved, as I have done, and see what a difference it makes. We can all achieve our goals if we work together.

Peter Hayton GCF
20 February 2008

A handwritten signature in black ink, appearing to read 'P. Hayton', with a long, sweeping line extending upwards and to the right.

REPORT FROM THE MANAGING DIRECTOR

Promoting the Industry

In 2007 Canon sponsored the first ABT/Canon 'Print & Win' competition, which drew nearly 100 entries from new and established artists across the UK, following a mailing campaign in ABT and to art colleges nationwide. Canon hosted a hugely enjoyable exhibition and party at its national showroom in London in November for invited guests including the 25 short-listed artists, five of whom have since joined the Guild as members. Canon has committed to sponsoring a new competition in 2008.

Epson again gave its highly valued support to the prestigious Best-selling Images Poll. The winner of the much coveted John Solomon Trophy was Henderson Cisz, published by DeMontfort Fine Art. He was presented with his award during a press-call at Whitewall Gallery, London, in the autumn. Press releases went to the national and local media, and specialist fine art and photography press.

The Guild teamed with photographic companies and associations through the Photo Imaging Council, to highlight the importance of good framing to complement good photos and create personal wall décor from digital cameras. GCF and Guild Members were promoted in The Independent newspaper supplement, distribution 387,861. Members gained publicity from London to Northern Ireland, including extensive coverage in Bristol & Bath. The Guild welcomes press clippings, audio and video clips of industry related media coverage.

Thousands of consumer leaflets went out from Guild members to their customers and potential customers in 2007. These promoted The Code of Ethics, Framed for Good, Buying Art Prints, and the importance of using a professionally qualified framer (Guild Commended Framer). The messages are spread where it matters, mostly promoting particular Guild Member outlets that have stamped the back of the leaflet prior to sending it out.

The Guild Commended Framer programme has the double function of raising standards in framing skills and enabling framers to promote themselves more effectively, competing as professionals with independent vocational qualifications. 63 Framers qualified in 2007, including 1 in Malaysia, 2 in Australia, 8 in New Zealand, 4 in Russia and 1 in Ireland. One framer gained their GCF Advanced qualification in Conservation Framing and one in Textile Framing. Consumers can only benefit from the rising number of professionally qualified framers. There are now GCF's in 22 countries worldwide: Australia, Bahrain, Belgium, Canada, Chile, Estonia, France, Germany, Ireland, Israel, Kenya, Malaysia, Netherlands, New Zealand, Russia, Singapore, Slovenia, South Africa, Spain, Sweden, United Kingdom, United States.

The Guild promoted the art and framing industry, the UK in particular and all its members worldwide at the Spring and Autumn Fairs Birmingham, the West Coast Art and Framing show in Las Vegas, Quadrum SACA in Bologna, the New York Artexpo, and the new Art Fair Europe, in Germany. The Directory is sold to encourage buyers to link with Guild Members, new exporters are supported with a raft of expertise from the Guild Export Manager, Louise Hay and myself. We make connections and network, bringing tangible gains to those who join our export groups and to the wider membership. Art Business Today promotes the trade fairs with accurate, objective information to help sellers and buyers identify which are best suited to their needs. Art Business Today also provides an excellent, effective platform to promote advertisers' goods and services worldwide. 2007 saw the translation of some of the GCF leaflets into German and we hope the GCF Study Guide will soon follow, to join the one already published in Russian, promoting standards and qualifications worldwide. Profile Magazine in Australia also promoted the Guild and Guild Commended Framer programme, and Anton's Newsletter in Australia strongly supported Guild Standards and promoted the Guild.

Informing the Industry

The technical helpline was staffed by Framers Committee members, who generously gave time and specialist expertise to framer Members seeking help with framing difficulties during the working day.

The legal advice line was available to Guild Members 24/7 to help with business and domestic legal and tax enquiries, saving members time, money and potential hassles with clear information.

Guild staff helped hundreds of people on the phone and by e-mail, supplying requested information, sharing their extensive knowledge and expertise and linking suppliers and buyers, supporting exporters, providing products and services.

The Directory 2007/2008 was packed with information about the Fine Art Trade Guild, its standards in printing and in framing, a sourcing list of over 50,000 prints, all the equipment, materials and most of the services our industry uses, and a wealth of other information, including a comprehensive glossary of terms used in the trade

The Guild website is an authoritative site for the industry and serves to inform the trade and the public

Award-winning Art Business Today continued to deliver authoritative, in-depth coverage of news and trends, and expert, practical feature articles on every aspect of the art and framing business. The Guild website supported this, with the linked site, www.artbusinesstoday.co.uk promoting key features of magazines dating back to January 2003, and providing a real taster of the latest issue

- Art Business Today 2007 Business articles included interest-free credit schemes for art purchases, writing a successful business plan, finding the right location, the art and framing market in India, training staff, selling via eBay, and secure e-trading. In the art section, issues covered ranged from how publishers support artists, urban, equestrian and lightbox art, to a Q&A exchange with agency DACS on collecting royalties due under Artist's Resale Right and a survey of digital canvas. Framers were given best advice on box framing, frame visualisation software, computerised mountcutters, the Guild mountboard standards, and framing embroidery. The popular series, Trade Secrets, in which framers share workshop tips, tricks and techniques, continued to grow
- January ABT 100-page magazine was supplied with the free Spring Fair Birmingham Gallery Planner, which provides visitors with an invaluable, pocket-sized preview of the UK's most important trade fair. April ABT included a free, high quality supplement, Digital Printing Today, sponsored by Epson, which included articles on Richard Hamilton, the Royal Academy Schools and digital art papers. June ABT provided full coverage of the industry's most glamorous and most important PR event, the Art & Framing Industry Awards. August ABT featured the Retail Toolkit, sponsored by Arqadia, a dedicated series of articles focused on how retailers can develop their businesses and cut costs. The new raft of Member benefits launched in association with the British Shops and Stores Association were heavily promoted. October ABT included the winners of the Epson/ABT Best-selling Images Poll and a competition and exhibition for new artists, launched in association with Canon

The Guild continued to write, publish and sell specialist books. Artist's Guide to Selling Work – it does what it says on the cover, is a vital information source for artists. Sales to date exceed 3,500. Starting Up a Gallery & Frame Shop – published in November 07, has already sold over 500 copies and received excellent reviews, notably in Art Business Today, January 08 issue, from Roy Willingham of Paintworks. This new title by Annabelle Ruston is on sale from the Fine Art Trade Guild and in bookshops across the UK, adding to growing awareness of the Guild and its Members, sector professionalism and qualifications. The third in the series, all jointly published with A&C Black, is due to be published in late 2008. Drafted in 2007, Framing and Presenting Textile Art (working title), will have the honour of a foreword by Dr Susan Kay-Williams, CEO of the Royal School of Needlework

Locally elected Branch Masters held events in the UK, Ireland and New Zealand, and included demonstrations, talks and seminars to improve skills and knowledge. More trade suppliers hosted these events, which often included tours of their businesses, offering unique insight behind the scenes. Art Business Today summarises these events, to encourage greater attendance and extend the reach of the programme. Subjects covered in 2007 included tours of framing workshops, restoration of pictures and frames, gilding techniques, frame visualisation software, hot and cold mounting and laminating techniques, lacing and framing fabric art, maintenance of framing equipment, obtaining grants for purchasing equipment, conservation framing materials and techniques, canvas stretching, publishing prints from etched copper and steel intaglio plates, a tour of a glass factory, accessing the new benefits of Guild membership, licensing your artwork, sublimation, increasing revenue, stretching tapestries, specialist glass, making a living as an artist, importance of PR and using regional press, pricing bespoke framing, designing a website, developing a publishing business from a specialist gallery, framing dried flowers, discussion of the relationship between artists and framers, blade sharpening for your mitre-cutter, improving retailing skills, advantages of GCF for your business, painting and drawing techniques, and framing hints and tips. Special thanks to the speakers Mark Azopardi, Mike Bond GCF, David Clark, Anne Collier GCF, Sam Cook, Richard Cummins, Gordon Cunningham GCF, Mike Dipple GCF, Paul Felstead GCF, Steve Goodall, Len Goss, Martin Harrold, Bob Jarrett, Ian Kenny GCF, Barry Leveton GCF, Petra Letson, Richard Lock, Maria Ludden, John McAfee GCF, Sue McDonagh, Elizabeth McClory, Lindsay Nutbrown, John Palmer, Stephan Pfaff, Mal Reynolds GCF, Howard Robinson, Roy Rowlands GCF, Mike Royall GCF, Colin Ruffell, Kevin Shelton, Karl Smith, Martin Tracy GCF, Kevin Walsh, Dave Woolass GCF. They each did an excellent job, sharing their expertise and insight. Our thanks also to the Branch Masters

Developing the Industry

Members that engage with the Fine Art Trade Guild, use the services, and take advantage of the wisdom, experience and expertise of others including their Guild staff benefit far more than the cost of membership. Those that give back and voluntarily contribute time and effort, benefit exponentially. The Guild is as good as its members and staff combined, and continues to develop qualifications, standards, best practice and professionalism.

Increasing Guild Members' profits, positively affecting their bottom line, ensuring they are well-informed, well supported, and driving confident customers toward them helps to develop individual businesses and, in turn, the whole industry. Clear branding is essential in building awareness and we thank all Members who display their membership decals prominently. These are renewed annually and, from 2007, feature the Guild website to help consumers understand what the logo represents.

The Guild has 1101 Members at the end of 2007, a 2% growth during the year.

Membership as of:	31/12/2005	%+/-	31/12/2006	%+/-	31/12/2007	
Artist/Agent	172		186	8%	177	-5%
Ret/Framer	771		704	-8.7%	739	5%
Publisher	71		62	-13%	58	-7%
Printer	28		26	-7.1%	25	-3.8%
Trade Supplier	78		81	3.8%	86	6%
Honorary	15		16		13	3 deceased
Restorer	3		3		3	-
Total	1138	-8%	1078	-5%	1101	+2%
(New)	144	-30%	154	7%	205	+33%

The 33% improvement in new Member recruitment added to a 7% increase in 2006, rewarding the current strategy. The increase in Trade Suppliers is very encouraging, as is the overall increase in the number of Members, year on year. 46% of those giving reasons for resigning cited business closure. The rest were a wide range of reasons.

Staff & Administration – Alex Pout left Guild employment in August. Rachel Canavan, who had moved for family reasons to Norfolk, continued selling advertisements in Art Business Today on a part-time basis from home, August – October. One vacancy carries through to 2008, the Executive Directors share my appreciation of staff for managing this challenge. We were pleased to recruit Debra Colley, Sales Executive, who is quickly establishing an excellent rapport with advertisers and members. Debby is beginning to generate revenue from advertising, Art Business Today subscription drives and new member recruitment, working under the expert guidance of Samantha Marshall, Membership Manager. Of the seven members of staff, one works three days, p/t, and two are contracted for four days a week, the rest are full-time employees. The Guild contracts a Management Accountant, Kanak Dhutia, who works one day per week and also handles credit control. In 2007, Vicky Simon provided several weeks of temporary assistance, some general clerical support, research and editorial assistance to Art Business Today, and preparing searchable documents for the new website. The independent audit of administration systems and practice gave the Guild renewed certification ISO 9001:2000. The Auditors found nothing to adjust in the year-end accounts, for the fourth year running and, again, no bad debts were incurred.

Staff as at 31 December 2007:

Staff all multi-function and support Members and each others' core roles. However, for Members' information, here is a list of job titles and key responsibilities.

Membership Manager – Samantha Marshall (*manager of membership retention and recruitment, Guild website updates, new Member application processing, The Directory information, book-keeping*)

Office Manager / Print Programme Manager – Moira Sanders (*information service, reception, print testing and standards implementation, book sales, Printers and Publishers Committee support*)

Sales Executive – **Debra Colley** (*advertising sales, membership trade advertising advisor, Member recruitment, subscription sales, Fine Art Committee support*)

Managing Editor (p/t) – **Annabelle Ruston** (*editorial and production strategy, commissioning, publications management*)

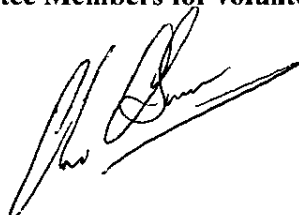
Editor, Art Business Today and The Directory – **Mike Sims** (*editorial and production, commissioning, Guild design management*)

Assistant to the Managing Director / Quality Manager / GCF Programme Manager - **Louise Hay** (*awards organisation, exhibition presence organisation, export group organisation and support, overseeing book-keeper, GCF test administration, GCF programme development, Framers Committee support*)

Managing Director – **Christrose Sumner** (*Guild strategy, standards development, media, business, government and international relations, export services, budgeting, general management, publisher, staff development*)

My thanks to all Fine Art Trade Guild Members who have contributed to the culture of excellence we strive to maintain. Also to our professional, committed, and enthusiastic staff team and to the Court of the Guild and Committee Members for volunteering such exceptional assistance and support throughout 2007.

Christrose Sumner
Managing Director
20 February 2008

A handwritten signature in black ink, appearing to read 'Christrose Sumner', written over a horizontal line.

THE FINE ART TRADE GUILD

REPORT OF THE COURT FOR THE YEAR ENDED 31 December 2007

The Court present their report and accounts for the year ended 31 December 2007. The Guild is limited by guarantee, not having a share capital.

RESULTS FOR THE YEAR

The deficit for the year amounted to £17,583 (2006 £23,140 deficit)

PRINCIPAL ACTIVITIES, TRADING REVIEW AND FUTURE DEVELOPMENTS

The principal activities of the Guild are promoting, informing and developing the picture industry.

A review of the activities of the Guild is set out in the Master's Report on page 5 and the Managing Director's Report on pages 6 through to 9 inclusive.

There have been no events since the balance sheet date which materially affect the position of the Guild. The New Zealand Branch and the Republic of Ireland Branch operate outside the UK, all others are within the UK. Future developments are expected to be in line with current activity, practices and strategy.

MEMBERS OF THE COURT - The Members of the Court act as the directors of the Guild

The Members of the Court are as set out on page 4. Barry Leveton GCF and Steven McKee GCF were elected at the AGM on 22nd March 2007. Rolf Lawson GCF was elected at a Branch Meeting on 19th April, Eammon Burke GCF 26th April, Alan Milne GCF 29th April, Jacqueline Armstrong 13th June, Richard Broome GCF 25th October and Karl Smith 15th November 2007.

Steve Burke resigned at the AGM 22nd March 2007. Sharon Matchett resigned 20th March, Mary Creavin-Ludden 26th April, Gordon Skinner GCF 29th April, Pete Bingham GCF 26th September, Anne Braithwaite 13th November and Mike Bond GCF 15th November 2007.

STATEMENT OF COURT'S RESPONSIBILITIES - Company law requires the Court (who are the directors for the purposes of Company Law) to prepare financial statements which give a true and fair view of the state of affairs of the Guild at the end of its financial year and of the surplus or deficit of the Guild for the year then ended. In preparing these financial statements, the Court is required to

- select suitable accounting policies and 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 a going concern basis unless it is inappropriate to presume that the Guild will continue in business.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Guild 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 Guild and for the prevention and detection of fraud and other irregularities.

The Court is responsible for the maintenance and integrity of the corporate and financial information included on the Guild's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Each Member of the Court at the date this report was approved has taken all steps that they ought to have taken as Members of the Court in order to

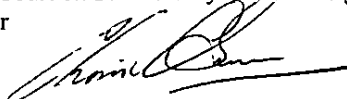
- Make themselves aware of any relevant audit information (as defined by the Companies Act 1985), and
- Ensure that the auditors are aware of all relevant audit information (as defined)

As far as each Member of the Court is aware, there is no relevant audit information of which the company's auditors are unaware.

AUDITOR - A resolution proposing the re-appointment of Chantrey Vellacott DFK LLP as auditors will be put to the Members at the Annual General Meeting.

Approved by the Court on 20 February 2008 and signed on their behalf by

Christrose Sumner
SECRETARY



THE FINE ART TRADE GUILD

Independent Auditors' Report to the Members of The Fine Art Trade Guild

We have audited the financial statements of The Fine Art Trade Guild for the year ended 31 December 2007 which comprise the Income and Expenditure account, Balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Guild's Members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Guild's Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Guild and the Guild's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Court of the Guild and auditors

As described in the Statement of Court's Responsibilities the Court is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985.

We also report to you whether, in our opinion, the information given in Report of the Court is consistent with the financial statements.

In addition we report to you if, in our opinion, the Guild has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Guild is not disclosed.

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

Basis of opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Court in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Guild'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Guild's affairs as at 31 December 2007 and of its deficit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Court Report is consistent with the financial statements


CHANTREY VELLACOTT DFK LLP

Chartered Accountants

Registered Auditors

London

20 February 2008

THE FINE ART TRADE GUILD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
INCOME			
MEMBERSHIP SUBSCRIPTIONS	1(c)	209,548	205,145
SELF FINANCING ACTIVITIES	3		
Publications		146,250	162,013
Members' services		40,975	39,532
Exhibitions		33,460	60,345
Awards weekend		42,882	32,896
		<u>263,567</u>	<u>294,786</u>
Insurance commission		5,533	6,348
		<u>478,648</u>	<u>506,279</u>
EXPENDITURE			
Self financing activities	3	132,350	156,867
Staff costs	4	271,487	276,326
Depreciation	6	10,352	15,462
Administrative and office expenses	5	85,365	85,020
		<u>499,554</u>	<u>533,675</u>
OPERATING DEFICIT		(20,906)	(27,396)
INVESTMENT INCOME			
Interest receivable		4,862	4,256
Taxation thereon	10	1,539	-
		<u>3,323</u>	<u>4,256</u>
DEFICIT FOR THE YEAR		<u>(17,583)</u>	<u>(23,140)</u>

All recognised gains and losses are included in the above income and expenditure account

THE FINE ART TRADE GUILD

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	276,576	285,764
CURRENT ASSETS			
Stock		200	200
Debtors	7	56,477	45,043
Cash at bank and in hand		97,414	106,529
		<u>154,091</u>	<u>151,772</u>
CREDITORS amounts falling due within one year	8	58,751	48,037
		<u>58,751</u>	<u>48,037</u>
NET CURRENT ASSETS		<u>95,340</u>	<u>103,735</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>371,916</u>	<u>389,499</u>
ACCUMULATED FUND			
1 January 2007		389,499	412,639
Deficit for the year		(17,583)	(23,140)
		<u>371,916</u>	<u>389,499</u>

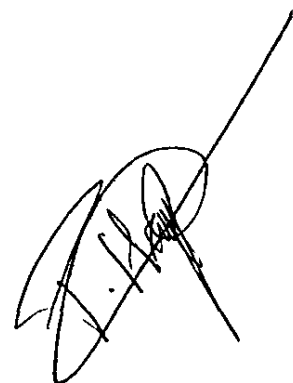
Approved by the Court on 20 February 2008
and signed and authorised for issue on their behalf by

Pete Hayton GCF

- Master

Christrose Sumner

- Managing Director

THE FINE ART TRADE GUILD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention

(b) Income And Expenditure Account

Due to the nature of the Guild's activities, an income and expenditure account is prepared and not a profit and loss account in the format required by the Companies Act 1985

(c) Membership subscriptions

Membership subscriptions represent, after adjusting for prepayments, cash received during the year relating to subscriptions commencing during the accounting period

(d) Depreciation

Depreciation is provided at rates calculated to write down the cost of fixed assets to their estimated residual values over the period of their anticipated useful lives. The lives used are as follows

Freehold property	- Buildings	50 years
	- Land	Not depreciated
Office furniture, fittings and equipment		3 to 5 years

(e) Cash flow statement

The Guild has taken advantage of the provisions of Financial Reporting Standard No 1 and has not prepared a cash flow statement

2 COMPANY LIMITED BY GUARANTEE

The Fine Art Trade Guild is a company limited by Guarantee, the Guarantors being every Member of the Guild whose liability is limited to one pound

THE FINE ART TRADE GUILD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

(continued)

3 SELF FINANCING ACTIVITIES

	Income £	Expenditure £	2007 NET £	Income £	Expenditure £	2006 NET £
Publications						
Advertising	110,164	-	110,164	121,707	-	121,707
ABT subscriptions	15,371	-	15,371	12,426	-	12,426
Other	20,715	-	20,715	27,880	-	27,880
Costs	-	(50,497)	(50,497)	-	(61,060)	(61,060)
	<u>146,250</u>	<u>(50,497)</u>	<u>95,753</u>	<u>162,013</u>	<u>(61,060)</u>	<u>100,953</u>
Members services						
Guild Commended Framer programme	17,082	(5,303)	11,779	16,483	(5,218)	11,265
Stamping and declaration	-	-	-	49	(70)	(21)
Consumer awareness programme	23,000	-	23,000	23,000	(1,200)	21,800
Commercial legal advisory service	-	(4,500)	(4,500)	-	(4,500)	(4,500)
Branch development costs	-	(670)	(670)	-	(3,177)	(3,177)
Guild products	893	(557)	336	-	-	-
Retailer benefits	-	(2,500)	(2,500)	-	-	-
	<u>40,975</u>	<u>(13,530)</u>	<u>27,445</u>	<u>39,532</u>	<u>(14,165)</u>	<u>25,367</u>
Exhibitions						
Overseas	33,460	(29,513)	3,947	60,345	(51,370)	8,975
UK/Eire	-	(4,644)	(4,644)	-	(6,162)	(6,162)
	<u>33,460</u>	<u>(34,157)</u>	<u>(697)</u>	<u>60,345</u>	<u>(57,532)</u>	<u>2,813</u>
Awards weekend	<u>42,882</u>	<u>(34,166)</u>	<u>8,716</u>	<u>32,896</u>	<u>(24,110)</u>	<u>8,786</u>
	<u>263,567</u>	<u>(132,350)</u>	<u>131,217</u>	<u>294,786</u>	<u>(156,867)</u>	<u>137,919</u>

4 STAFF COSTS AND EMPLOYEES

	2007 £	2006 £
Wages and salaries	235,459	240,696
Social security costs	24,997	25,156
Other pension costs	11,031	10,474
	<u>271,487</u>	<u>276,326</u>

The average number of employees was 8 of which 1 was part-time (2006 8 of which 1 was part-time)

The Members of the Court receive no remuneration for their services to the Guild The Managing Director received £67,137 including pension contributions (2006 £65,527)

THE FINE ART TRADE GUILD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(continued)

5

ADMINISTRATIVE AND OFFICE EXPENSES		2007		2006
		£		£
Administrative expenses				
Recruitment, advertising and public relations	5,675		7,042	
Committee travel expenses	3,405		2,236	
Travelling and entertaining	1,562		1,739	
Audit fees	3,665		3,550	
Legal and professional fees	12,187		13,320	
Professional subscriptions	294		510	
Printing and stationery	5,759		6,628	
Postage and telephone	10,183		12,682	
Bad debts	(497)		(1,351)	
Bank charges	2,860		4,074	
Sundries	2,536		2,844	
		47,629		53,274
Office expenses				
Rates and service charges	15,466		14,503	
Repairs and maintenance	18,786		14,029	
Computer expenses	1,348		1,740	
Light and heat	2,136		1,474	
		37,736		31,746
		85,365		85,020

6

TANGIBLE FIXED ASSETS		Freehold property £	Office furniture & equipment £	Total £
Cost				
1 January 2007		346,800	152,065	498,865
Additions		-	1,164	1,164
At 31 December 2007		346,800	153,229	500,029
Depreciation				
1 January 2007		70,333	142,768	213,101
Charge for the year		4,000	6,352	10,352
At 31 December 2007		74,333	149,120	223,453
Net book value				
At 31 December 2007		272,467	4,109	276,576
At 31 December 2006		276,467	9,297	285,764

THE FINE ART TRADE GUILD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007
(continued)

7	DEBTORS	2007 £	2006 £
	Trade debtors	33,563	35,920
	Prepayments	18,206	9,123
	Other debtors	4,708	-
		<u>56,477</u>	<u>45,043</u>
8	CREDITORS amounts falling due within one year	2007 £	2006 £
	Subscriptions received in advance	15,487	21,758
	Trade creditors	3,511	2,601
	Taxation and social security	16,660	16,015
	Accruals and deferred income	22,135	7,663
	Corporation Tax	958	-
		<u>58,751</u>	<u>48,037</u>
9	CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES		
	There were no capital commitments at 31 December 2007 (2006 £Nil)		
	There were no contingent liabilities at 31 December 2007 (2006 £Nil)		

THE FINE ART TRADE GUILD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(continued)

10 TAXATION

Taxation is payable only in respect of interest receivable. Provision is made at current rates (20%) for all corporation tax arising.

(a) Analysis of charge in period

	2007 £
Current tax	
UK corporation tax on profits of the period	958
Prior year adjustment	581
	<hr/>
Total current tax charge (note 10(b))	<u>1,539</u>

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (20%). The differences are explained below.

	2007 £
Profit on ordinary activities before tax	4,862
Tax on profit on ordinary activities at standard CT rate of 20%	972
Effects of	
Lower rates of taxation	(14)
Prior year adjustment	581
	<hr/>
Current tax charge for the period (note 10(a))	<u>1,539</u>