

Registered Charity No 313838
Company No 983028 (England and Wales)

**The Paul Mellon Centre for Studies
in British Art**
(Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

for the year ended
30 June 2012

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The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
GOVERNORS' REPORT AND FINANCIAL STATEMENTS

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The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS

Richard Charles Levin
Amy Meyers
Shauna King
Peter Salovey

DIRECTOR OF STUDIES

Mark Hallett (appointed 1 October 2012)
Brian Allen (retired 30 September 2012)

SECRETARY

Amy Meyers

COMPANY NUMBER

983028 (England and Wales)

REGISTERED CHARITY NUMBER

313838

REGISTERED OFFICE

16 Bedford Square
London
WC1B 3JA

AUDITOR

Baker Tilly UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Bucks
MK9 1BP

BANKERS

Lloyds TSB Bank plc
Victoria House
37 Southampton Row
Holborn
London
WC1B 5HR

SOLICITORS

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)

GOVERNORS' REPORT

The Governors present their annual report and the financial statements of The Paul Mellon Centre for Studies in British Art for the year ended 30 June 2012

GOVERNING INSTRUMENT AND LEGAL STATUS

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the members of the Board are appointed and removed by the members of the company.

The charity is a limited liability company (Limited by Guarantee) and is registered in England and Wales (company number 983028).

DIRECTORS

For the purposes of the Companies Act and Charity law, the members of the board of governors are deemed to be directors and trustees of the charitable company and throughout this report are referred to as governors. The following governors have held office since 1 July 2011:

Richard Charles Levin
Amy Meyers
Shauna King
Peter Salovey

Each member of the board of governors is a subscribing member of the charitable company throughout his or her period of office.

RECRUITMENT AND APPOINTMENT OF GOVERNORS

Under the requirements of the charitable company's Memorandum and Articles of Association the members of the Board are elected to serve for a period of three years after which they offer themselves up for re-election.

The Board keeps the skills requirements for the Governor Board under review and in the event that a governor retires or a new governor is required the Board approaches a member of Yale University. Once a governor has been appointed, an induction process is undertaken to ensure that they understand the objects and activities of the charity and their responsibilities as a governor. Ongoing training is provided as required.

OBJECTS AND PRINCIPAL ACTIVITIES

The charitable company is a non-profit making organisation registered under the Charities Act (registration number 313838) for the advancement of education in, and appreciation and understanding of, British Art. No change in these activities is foreseen and all assets are held for these purposes. The sound investment policy by the Chief Financial Officer at Yale University will enable the Centre to comfortably cover all its commitments (see below).

RELATIONSHIP WITH YALE UNIVERSITY

The Paul Mellon Centre for Studies in British Art was established by Yale University. The University had received an endowment from an alumnus, Mr Paul Mellon, to support research and publication in the field of British studies, especially in the area of British art history.

This close relationship is enhanced by the Yale-in-London programme. This undergraduate programme is run at the Paul Mellon Centre for Studies in British Art, enabling American students to study British culture on its home ground.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)

GOVERNORS' REPORT

REVIEW OF ACTIVITIES AND FINANCIAL REVIEW

Although the economic downturn showed no sign of abating during the financial year 2011-12, the Centre continued comfortably to be able to maintain its activities without any cuts to its publications programmes, public events or to the grants and fellowships awarded. Although the endowment income showed a very slight increase on the previous year, the long-established policy of running surpluses to allow for the fluctuation in the dollar/pound exchange rate effectively insulated the Centre from the worst effects of the financial climate.

As in all previous years, the bulk of the Centre's funds derive from the endowment income transferred annually from Yale University to which is added royalties on the sales of books published for the Centre by Yale University Press. In the long-term this royalty income rarely exceeds 50% of the total annual investment in the publications programme. Occasional gifts from an external funder are received but in this financial year there were no additional sources of income.

The Paul Mellon Centre remains the only charitable body of its kind with funds dedicated solely for supporting scholarship in the history of British art and without the Centre's presence, research in the history of British art would undoubtedly be significantly more limited. It is widely acknowledged that the Centre's publications programme is a model of its kind and without the Mellon publications subsidy many of the most important books in the field would never be published because almost all of the titles would not be financially viable. Similarly, the support offered by the Centre's grants and fellowships programme undoubtedly leads to significant new research in the field and results in important publications issued not only by the Centre but by other publishers who are recipients of our grants.

During the financial year 2011-2012 the Centre awarded grants and fellowships totaling £545,073. Ten Curatorial Research Grants and fifty-three Publication Grants were awarded (nineteen to individual authors and thirty-four to publishers), eighteen Education Programme Grants were made to support conferences and lectures and forty-four Research Support Grants were awarded to individual scholars. Details of individual projects are listed on p 16-19 of this report and in the Centre's Annual Report.

Senior Fellowships were awarded to four scholars and four Post-doctoral fellowships were awarded to scholars to enable them to convert their doctoral dissertation into publishable books. Four Junior Fellowships were awarded to scholars engaged in research for a doctoral dissertation and two Rome Fellowships were awarded in collaboration with the British School at Rome. The Centre also administered the Barns-Graham Fellowship on behalf of the Wilhelmina Barns-Graham Charitable Trust.

The Board of Governors at Yale University approves the proposed annual expenditure for grants and fellowships but the awards are made in London by the Centre's Advisory Council at its twice annual meetings. An exception to this procedure was made prior to the economic downturn in 2008-2009 when a considerable one-off additional sum of \$1,111,185 (£724,251) was made available by Yale University to fund projects over a three to four year period at the British Museum, the Royal Academy of Arts and at Sir John Soane's Museum and this disbursement continues. The Board of Governors approved funding for these projects at its meeting on 5th February 2009 and the funds (as transferred to London) appeared in the Centre's accounts for the financial year ending 30th June 2010.

The Advisory Council in London comprises twelve leading university professors and high-ranking museum professionals with specialist knowledge of the history of British art, architecture and the decorative arts. Members of the Council serve five-year terms which are not renewable without at least a one year gap between terms. Although not policy makers, the Advisory Council, which between its members has a wealth of expert knowledge and professional experience, can be called upon for advice at any point during the year between regular meetings.

Grants are only awarded to those applicants whom the Advisory Council deems to have reached the highest standards of achievement. The criteria for awarding its various grants rest on the perceived benefit to scholarship, mankind and the sum of human knowledge. These factors are determined by the expert judgement of the Centre's Advisory Council.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)

GOVERNORS' REPORT

REVIEW OF ACTIVITIES AND FINANCIAL REVIEW (CONTINUED)

During the year 2011-2012, the Centre continued to fund research for the catalogue raisonné of the paintings of William Hogarth, the portraits of Thomas Gainsborough, the paintings of George Romney, the online catalogue of the paintings of Richard Wilson by the Centre's own Senior Research Fellows, Elizabeth Einberg, Hugh Belsey, Alex Kidson and Paul Spencer-Longhurst respectively as well as supporting Eric Shanes in his research for a major biography of J M W Turner. Andrew Moore of the Castle Museum, Norwich continued his research on the important 'Grand Tour' collection at Holkham Hall in Norfolk and, in Madrid, Maria Dolores Sanchez-Jáuregui continued the research which resulted in a major exhibition of the art-related contents of the captured British ship, the *Westmorland* at the Ashmolean Museum, Oxford and the Yale Center for British Art.

The Centre spent a total of £746,814 on its own publications issued by Yale University Press and among them were publications of note such as David Coke and Alan Borg's *Vauxhall Gardens: A History*, Allen Staley's *The New Painting of the 1860's: Between the Pre-Raphaelites and the Aesthetic Movement*, Vaughan Hart's *Inigo Jones: The Architect of Kings* and Todd Longstaffe-Gowan's *The London Square*.

In addition to those grants awarded to other organisations the Centre organised and hosted conferences both in house and in collaboration with institutions such as the Royal Academy.

The Centre's Yale-in-London programmes (a Spring Semester and two Summer Courses) attracted a total of forty-two Yale University undergraduates.

The Centre regularly assesses the benefits of its awards and remains confident that its current criteria and policies remain entirely valid in the present circumstances. The benefit of new members joining the Advisory Council each year ensures that fresh ideas and opinions reinvigorate the decision-making procedures and the Centre remains confident that it can maintain its current level of support for scholarship in the foreseeable future.

FUTURE PLANS

The current Director of Studies, Brian Allen, retired on 30th September 2012. Professor Mark Hallett has been appointed as Director of Studies commencing 1st October 2012.

PUBLIC BENEFIT

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the governors consider how planned activities will contribute to the aims and objectives they have set.

RESERVES POLICY

The board has reviewed the reserves of the charity and has concluded that to allow the charitable company to be managed efficiently a general reserve equivalent to a full year's potential expenditure should be held. This figure should mirror the annual transfer from the Endowment to the operating budget.

RISK REVIEW

The major risk to which the Paul Mellon Centre for Studies in British Art is exposed to, is the fluctuation in the sterling exchange rate with the US dollar. This has been identified by the governors and systems have been established to mitigate the risk. In all other areas the risks are reviewed regularly and appropriate action is taken.

GRANT MAKING POLICY

The Paul Mellon Centre for Studies in British Art, established in 1970, augmented its grant giving policy in 1998. Grants and fellowships are awarded at separate meetings twice a year, and are selected by the Grant Committee. There are several categories both of grants and fellowships and a ceiling of awards is set in each case. Numbers of applicants have risen steadily since 1998.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)

GOVERNORS' REPORT

INVESTMENT POLICY

The Paul Mellon Centre does not invest the Endowment which is under the control of Yale University however the reserves in London are kept on secure fixed deposit

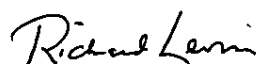
STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITOR

The governors in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the governors have confirmed that they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and establish that it has been communicated to the auditor.

A resolution to reappoint Baker Tilly UK Audit LLP will be put to the members at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the exemptions available for small entities under the Companies Act.

On behalf of the board



Governor

RICHARD LEVIN

18/2/2013

Date

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The governors (who are also directors of The Paul Mellon Centre for Studies in British Art for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK 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 charitable company will continue in business

The governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PAUL MELLON CENTRE FOR STUDIES IN BRITISH ART (Company limited by Guarantee)

We have audited the financial statements of The Paul Mellon Centre for Studies in British Art for the year ended 30 June 2012 on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' responsibilities set out on page 6, the governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Governors' report.

Baker Tilly UK Audit LLP

SARAH MASON (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Bucks MK9 1BP

12 March 2013

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for the year ended 30 June 2012

	<i>Notes</i>	2012 Restricted Funds £	2012 Unrestricted Funds £	2012 Total Funds	2011 Total Funds
INCOMING RESOURCES					
Incoming resources from generated funds					
<i>Activities for generating funds</i>					
Publishing Royalties		-	351,445	351,445	313,790
Summer Programme		-	134,878	134,878	87,320
Yale Undergraduate courses		-	104,830	104,830	87,113
Pevsner Programme		153,428	-	153,428	-
Investment income	2	-	2,346	2,346	4,317
Incoming resources from charitable activities					
Reserve income	3	-	62,500	62,500	190,342
Endowment income	3	-	1,519,876	1,519,876	1,515,654
Grants and fellowships income	3	-	585,750	585,750	586,243
Publication income	3	-	184,485	184,485	138,894
TOTAL INCOMING RESOURCES		153,428	2,946,110	3,099,538	2,923,673
RESOURCES EXPENDED					
Charitable activities					
Publishing and printing costs	5	-	754,498	754,498	572,546
Summer programme costs	5	-	156,761	156,761	109,903
Yale Undergraduate courses	5	-	172,331	172,331	132,199
Fellowships and grants payable	5	7,251	1,560,525	1,567,776	1,596,891
Pevsner Programme	5	153,428	71,337	224,765	-
Governance costs	6	-	285,945	285,945	317,396
TOTAL RESOURCES EXPENDED		160,679	3,001,397	3,162,076	2,728,935
NET (OUTGOING)/INCOMING RESOURCES/ NET (EXPENDITURE)/INCOME		(7,251)	(55,287)	(62,538)	194,738
TOTAL FUNDS BROUGHT FORWARD		7,251	1,551,078	1,558,329	1,363,591
TOTAL FUNDS CARRIED FORWARD	16	-	1,495,791	1,495,791	1,558,329

The Statement of Financial Activities includes all gains and losses in the year

All incoming resources and resources expended derive from continuing activities

The notes on pages 12 to 23 form part of these financial statements

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
BALANCE SHEET
At 30 June 2012

Registered Charity No 313838
Company No 983028

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	10	15,577	17,847
CURRENT ASSETS			
Debtors	11	340,953	557,822
Cash at bank and in hand		1,831,980	1,836,786
		<u>2,172,933</u>	<u>2,394,608</u>
CREDITORS Amounts falling due within one year	12	624,719	701,326
NET CURRENT ASSETS		<u>1,548,214</u>	<u>1,693,282</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,563,791</u>	<u>1,711,129</u>
CREDITORS Amounts falling due after one year	13	68,000	152,800
NET ASSETS		<u>1,495,791</u>	<u>1,558,329</u>
CAPITAL AND RESERVES			
Unrestricted funds			
Income and expenditure account	16	1,495,791	1,551,078
Restricted Funds	16	-	7,251
		<u>1,495,791</u>	<u>1,558,329</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements on pages 8 to 23 were approved by the board of Governors and authorised for issue on 18 February 2013 and were signed on its behalf by

Richard Levin

RICHARD LEVIN

Ben Polak

BEN POLAK

Governors

Date 18/2/2013

The notes on pages 12 to 23 form part of these financial statements

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (effective 2008) and follow the recommendations in Accounting and Reporting by Charities Statement of Recommended Practice issued in 2005

GOING CONCERN

The governors have reviewed detailed operating budgets for the period to February 2014. Based on these budgets the governors expect the charitable company will have available adequate reserves and resources to continue its activities for the foreseeable future, and can meet its obligations as they fall due. Therefore the financial statements have been prepared on a going concern basis.

FIXED ASSETS AND DEPRECIATION

All fixed assets are stated at historical cost less accumulated depreciation. The cost of minor additions or those costing below £5,000 are not capitalised. Depreciation is provided at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Fixtures and fittings	over 5 years
Computer equipment	over 3 years

STATUS OF THE CHARITABLE COMPANY

The charitable company is limited by guarantee and has no share capital. On a winding up each person who is a member at the date of winding up, or 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 charitable company. At 30 June 2012 the charitable company had 4 members (2011: 4).

INCOMING RESOURCES

Royalties - Royalties are accounted for on a receivable basis.

Summer Programme/ Yale in London/Pevsner - Income and expenditure relating to the programme are recognised in the year in which a programme is undertaken.

Incoming resources from charitable activities - Endowment and other income is accounted for on an accruals basis when the charity becomes entitled to the income.

FELLOWSHIPS AND GRANTS PAYABLE

Grants are accounted for on an accruals basis according to when they are authorised.

RESOURCES EXPENDED

Resources expended are recognised on an accruals basis as a liability is incurred. They are allocated to the particular activity where the cost relates directly to that activity.

Charitable activities include expenditure associated with publication and printing costs, programme costs, course costs and grant costs and include both the direct costs and support costs relating to these activities.

Support costs and overheads include central functions and have been allocated to charitable activity cost categories on a basis consistent with the use of resources. For example, staff costs have been allocated by time spent and support costs have been allocated by their usage.

Governance costs are costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with charitable expenditure. Included within this category are costs associated with the strategic as opposed to day to day management of the charity's activities.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)

ACCOUNTING POLICIES

PENSION CONTRIBUTIONS

The company operates a defined contribution scheme. The charge to the statement of financial activities is the amount payable in respect of the accounting period. Unpaid contributions are recognised and are provided for in the balance sheet (note 14).

UNRESTRICTED FUNDS

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

RESTRICTED FUNDS

Restricted funds are subjected to restrictions on their expenditure imposed by their donor.

FOREIGN CURRENCIES

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

LEASES

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

HERITAGE ASSETS

The Paul Mellon Centre for Studies in British Art has a collection of historical books and archives which are held in support of the Centre's primary objective of advancing education in, and appreciation and understanding of, British art. The Governors consider that, owing to the incomparable nature of these historic books and archives, conventional valuation approaches lack sufficient reliability and that, even if the valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the Centre and users of the accounts. As a result, no value is reported for these assets in the balance sheet.

Further information is given in Notes 19 and 20.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

1	NET MOVEMENT IN FUNDS			2012 £	2011 £
	Net movement in funds is stated after charging				
	Operating lease rentals				
	Land and buildings			162,500	162,500
	Auditor's remuneration -				
	Audit services			10,500	10,205
	Other services			3,000	3,125
	Depreciation and amounts written off tangible fixed assets				
	Charge for the year on owned assets			13,070	33,326
	Of the total incoming resources £2,350,611 (2011 £2,431,133) was received from outside the United Kingdom				
2	INVESTMENT INCOME			2012 £	2011 £
	Bank interest receivable			2,346	4,317
3	DONATIONS AND GIFTS	2012 Restricted £	2012 Unrestricted £	2012 Total £	2011 Total £
	Reserve income	-	62,500	62,500	190,342
	Endowment income	-	1,519,876	1,519,876	1,515,654
	Grants and fellowships income	-	585,750	585,750	586,243
	Publication income	-	184,485	184,485	138,894
		-	2,352,611	2,352,611	2,431,133

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

4	EMPLOYEES	2012 No	2011 No
	The average monthly number of persons (excluding Governors) employed by the charitable company during the year was		
	Research and administration	12	11
		<hr/>	<hr/>
		2012 £	2011 £
	Staff costs for the above persons		
	Wages and salaries	501,885	467,038
	Social security costs	61,766	53,265
	Other pension costs	410,280	332,326
		<hr/>	<hr/>
		973,931	852,629
		<hr/>	<hr/>
	The number of employees whose emoluments amounted to more than £60,000 in the year in increasing bands of £10,000 were	2012 No	2011 No
	£70,001 to £80,000	1	1
	£110,001 to £120,000	1	1
	£370,001 to £380,000	1	-
		<hr/>	<hr/>

During the year pension contributions for the above employees amounted to £300,000 (2011 £335,000)

No amounts were paid or expenses reimbursed to the members of the board of Governors during the year (2011 £nil)

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

5 ALLOCATION OF SUPPORT COSTS AND OVERHEADS

Cost of charitable activities 2012

	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total 2012 £
Publishing costs	47,239	-	648,721	58,538	754,498
Summer Programme costs	9,767	-	88,456	58,538	156,761
Yale Undergraduate courses	9,767	-	104,026	58,538	172,331
Fellowships and grants	658,407	13,070	545,073	351,226	1,567,776
Pevsner costs	-	-	166,227	58,538	224,765
	<u>725,180</u>	<u>13,070</u>	<u>1,552,503</u>	<u>585,378</u>	<u>2,876,131</u>

Governance costs 2012

Governance costs	<u>248,751</u>	<u>-</u>	<u>37,194</u>	<u>-</u>	<u>285,945</u>
Total costs 2012	<u>973,931</u>	<u>13,070</u>	<u>1,589,697</u>	<u>585,378</u>	<u>3,162,076</u>

Cost of charitable activities 2011

	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total 2011 £
Publishing costs	45,417	-	480,580	46,549	572,546
Summer Programme costs	9,482	-	53,872	46,549	109,903
Yale Undergraduate courses	9,483	-	76,167	46,549	132,199
Fellowships and grants	515,115	33,326	635,209	413,241	1,596,891
	<u>579,497</u>	<u>33,326</u>	<u>1,245,828</u>	<u>552,888</u>	<u>2,411,539</u>

Governance costs 2011

Governance costs	<u>273,132</u>	<u>-</u>	<u>44,264</u>	<u>-</u>	<u>317,396</u>
Total costs 2011	<u>852,629</u>	<u>33,326</u>	<u>1,290,092</u>	<u>552,888</u>	<u>2,728,935</u>

6 GOVERNANCE COSTS

	2012 £	2011 £
Audit and accountancy fees	13,500	13,330
Legal and professional fees	23,694	30,934
Salary costs	248,751	273,132
	<u>285,945</u>	<u>317,396</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

7	SUPPORT COSTS	2012 £	2011 £
	Operating costs		
	Postage	6,670	8,928
	Telephone and fax	5,433	3,915
	Insurance	27,598	21,577
	Stationery and photocopying	12,869	11,457
	Kitchen supplies	3,130	2,723
	Light and power	6,861	5,815
	Heating	4,337	4,230
	Cleaning	18,277	17,806
	Private healthcare	31,812	20,699
	Computer costs	43,703	34,704
		<u>160,690</u>	<u>131,854</u>
	Accommodation costs		
	Rent	162,500	162,500
	Rates	13,784	13,396
	Repairs and maintenance	33,243	15,370
		<u>209,527</u>	<u>191,266</u>
	Other expenses		
	Entertaining	19,813	21,119
	Travel	36,790	33,060
	Library and subscriptions	22,208	25,223
	Photographic archives	15,960	10,600
	Academic activities	103,072	132,563
	Directors discretionary	-	1,499
	Miscellaneous	13,356	1,800
	Bank charges	340	254
	Administration of grants	3,622	3,650
		<u>215,161</u>	<u>229,768</u>
	Total support costs	<u>585,378</u>	<u>552,888</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

8	GRANTS PAYABLE	2012 £	2011 £
	Fellowships and grants payable to institutions	280,961	327,617
	Fellowships and grants payable to individuals	264,112	307,592
		<u>545,073</u>	<u>635,209</u>

Institutional grants were awarded as follows

Institution	Awarded in 2012 £
Arthena	2,000
Ashgate Publishing	1,000
Asia Society	1,500
Ashmolean Museum	1,500
Association of Art Historians	1,000
Barber Institute of Fine Arts	2,500
Bayerische Staatsgemaldehysammlungen, Munich	3,000
Ben Uri Gallery, London Jewish Museum of Art	11,000
Black Dog Publishing	4,000
Buildings of Ireland Charitable Trust	5,000
Burlington Magazine	350
Courtauld Institute of Art	6,500
Czech Memorial Scrolls Trust Book Project	2,500
Donhead Publishing Ltd	3,000
Duke University Press	3,500
Dulwich Picture Gallery	1,500
Eton College	3,000
Hamilton Kerr Institute, University of Cambridge (two grants)	16,500
Holburne Museum, Bath	24,500
Ian Randle Publishers	5,000
King's College London	1,500
Kingston University	1,500
Lansdown Centre for Electronic Arts, Middlesex University	24,000
Leeds Art Collections Fund	2,000
London Parks and Gardens Trust	3,000
Lund Humphries	3,000
Museum of London	3,000
National Museum of Wales	3,000
National Museums Liverpool	2,500
National Portrait Gallery	4,000
Oblong Creative Ltd	2,500
Pallant House Gallery	1,500
Phillimore & Co Ltd	4,000
	<u>154,350</u>

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Brought forward from page 16	154,350
Public Catalogue Foundation	20,000
Public Monuments and Sculpture Association	5,000
Reading Museum	2,500
Reaktion Books Ltd	2,000
Royal Albert Memorial Museum and Art Gallery, Exeter	20,000
Sansom & Company Ltd	1,750
Scala Publishers	1,500
Shaun Tyas Publishing	3,000
Society of Antiquaries of London	5,000
State Pushkin Museum of Fine Arts, Moscow	7,000
Studio 3 Gallery, University of Kent	4,500
The Cooper Gallery, Barnsley	5,000
The Foundling Museum, London	30,000
The Gladstone Library	375
The Stanley & Audrey Burton Gallery, University of Leeds	1,000
Tiles and Architectural Ceramics Society (TACS)	100
University of St Andrews	1,200
University of Birmingham	500
University of Cambridge	450
University of Kent	236
University of Wales Press	2,500
University of York (four grants)	6,500
Walpole Society	3,000
Watts Gallery	2,000
Wentworth Castle Heritage Trust	1,500
 Total institutional grants chargeable to the SOFA	 280,961
 Total individual grants chargeable to the SOFA	 264,112
 Total grants chargeable to the SOFA	 £545,073

77 grants and fellowships were awarded to individuals in the year ended 30 June 2012 (2011: 79) and 62 grants and fellowships were awarded to institutions (2011: 40)

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Individual grants were awarded as follows

Individual	Awarded in the year £
Adrienne Rubin	500
Alla Myzelev	1,200
Andrew Causey	2,500
Angela Dunstan	2,000
Ann Gunn	2,000
Antonio Brucculeri	1,500
Arnika Schmidt	7,500
Carla Van de Puttelaar	1,000
Caroline Campbell	2,000
Cathryn Spence	500
Claudia Hücke	5,000
Conor Lucey	1,000
Craig Hanson	1,500
Daniel Alexander & Andrew Haslam	1,000
David Wilmore	1,000
Dina Aleshina	2,000
Donato Esposito	500
Dorothy Nott	766
Edward Nygren	700
Fintan Cullen	705
Frank Salmon	25,000
Greg Sullivan	1,126
Helen McCormack	2,000
Hugh Belsey	2,000
Jacek Jazwierski	2,000
James Baker	8,000
James Campbell	750
James Taylor	1,000
Jan Blanc	2,000
Jan Marsh & Frank Sharp	500
Jane Kamensky	2,000
Jessica Berenbeim	8,000
Joanna Cobb	1,500
Jonathan Yarker	11,800
Julia Ward	750
Julian Luxford	25,000
Katelyn Crawford	1,500
Katerina Loukopoulou	2,000
Katy Barrett	2,000
Leo Costello	2,000
Luciana Gallo	14,500
Manolo Guerci	1,000
Marcia Pointon	2,000
Mark Antliff	15,000
Matthew Craske	25,000
	<hr/>
	193,297

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Individual grants were awarded as follows

Individual	Awarded in the year £
Brought forward from page 18	193,297
Matthew Fisk	7,500
Matthew Martin	1,500
Matthew Potter	1,500
Max Browne	1,350
Michael Bird	750
Michael Rosenthal	750
Michael Twyman	3,000
Mirco Modolo	800
Miruna Cuzman	500
Mrinalini Rajagopalan	2,000
Mungo Campbell	1,000
Myles Campbell	940
Natasha Eaton (two grants)	3,500
Nathaniel Stein	2,000
Nicola Imrie	1,340
Oliver Heal	1,500
Petrina Dacres	1,500
Rebecca Searle	8,000
Rebecca Shields	7,500
Richard Hayes	500
Ruth Kenny	1,600
Sarah MacDougall	2,500
Sarah Monks	4,000
Saskia Coenen Snyder	1,000
Simon Pierse	1,000
Sophia Dentzer	460
Stacey Sloboda	1,500
Stephen Kite	1,500
T Barton Thurber	1,000
Tim Buck	8,000
Valerie Holman	825
Total individual grants chargeable to SOFA	<u>£264,112</u>

9 TAXATION

The company is a registered charity and, as such, its income and gains falling within Section 471 to 489 of the Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

10	TANGIBLE FIXED ASSETS	<i>Fixtures and fittings £</i>	<i>Computer equipment £</i>	<i>Total £</i>
	Cost			
	1 July 2011	445,483	122,098	567,581
	Additions	-	10,800	10,800
	30 June 2012	445,483	132,898	578,381
	Depreciation			
	1 July 2011	433,543	116,191	549,734
	Charged in the year	6,517	6,553	13,070
	30 June 2012	440,060	122,744	562,804
	Net book value			
	30 June 2012	5,423	10,154	15,577
	30 June 2011	11,940	5,907	17,847
11	DEBTORS		2012 £	2011 £
	Due within one year			
	Other debtors		59,870	11,753
	Prepayments		98,910	330,814
	Accrued income		182,173	215,255
			340,953	557,822
12	CREDITORS Amounts falling due within one year		2012 £	2011 £
	Grants awarded but not yet paid		583,061	668,682
	Trade creditors		10,111	1,191
	Other taxation and social security costs		12,861	17,651
	Accruals		18,686	13,802
			624,719	701,326
13	CREDITORS Amounts falling due in more than one year		2012 £	2011 £
	Grants awarded but not yet paid		68,000	152,800

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

14 PENSION COMMITMENTS

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £410,280 (2011: £332,326).

15 OTHER FINANCIAL COMMITMENTS

	2012 £	2011 £
At 30 June 2012 the company also had the following annual commitments under non-cancellable operating leases		
Land and buildings expiring after five years	162,500	162,500

16 MOVEMENT IN FUNDS

	At 1 July 2011 £	Incoming resources £	Outgoing resources £	At 30 June 2012 £
Unrestricted funds	1,551,078	2,946,110	(3,001,397)	1,495,791
Restricted funds	7,251	153,428	(160,679)	-
Total funds	1,558,329	3,099,538	(3,162,076)	1,495,791

Unrestricted funds represent donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Restricted funds are subjected to restrictions on their expenditure imposed by their donor and specifically relate to B Project income for 3 specific grants to The British Museum, The Royal Academy and Sir John Soane's Museum. During the year there was also income and related expenditure for the Pevsner Programme.

17 ANALYSIS OF NET ASSETS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Tangible fixed assets	-	15,577	15,577
Current assets	107,500	2,065,433	2,172,933
Current liabilities	(57,500)	(567,219)	(624,719)
Non-current liabilities	(50,000)	(18,000)	(68,000)
	-	1,495,791	1,495,791

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

18 RELATED PARTY TRANSACTIONS

During the year the charity received £2,350,611 (2011 £2,431,133) from Yale University, the entity responsible for establishing the charity. The University releases endowment monies to the charity from monies originally received from alumnus, Mr Paul Mellon.

At the year end Yale University owed the charity £48,256 (2011 £2,848) in respect of sterling expenses incurred on behalf of Yale University.

During the year the charity paid £640,553 (2011 £323,912) to Yale University Press Limited, a company in which R C Levin is a director, for book publishing costs.

19 HERITAGE ASSETS NOT RECOGNISED IN THE BALANCE SHEET

The Paul Mellon Centre maintains a collection of approximately 20,000 books and 17 separate archives. The Centre's archives mainly consist of the research papers of art historians, many of whom were pioneers in the formation of this discipline. As well as containing important original research and information on artists, the archives chart the historiography of British art history. The book collection covers British painting, sculpture, drawing prints, architecture and garden history from the sixteenth to the mid-twentieth century, as well as eighteenth century decorative arts.

The Paul Mellon Centre maintains a full catalogue of its collection of heritage assets and all of these collections are available to the public via prior appointment. Information provided by this catalogue includes the author, imprint and class of the book/ archive.

Preservation and management

The Paul Mellon Centre does not have a programme of preservation, instead, this is carried out on a case by case basis and rare, valuable books would not be altered. The cost of any preservation in the year would be trivial.

The books and archives are managed by the Librarian, who is responsible for the books, the Archivist and Records manager, who is responsible for the paper archives and the Archivist and Photographic archivist, who is responsible for the photo archives. All of these posts manage the books and archives in accordance with policies which are approved by the governors and report to Professor Mark Hallett, Director of Studies.

Acquisitions and Disposals

Books are added to the collection at a rate of approximately 500 per year, although The Paul Mellon Centre would not pay more than approximately £250 for a book. The rarest books held were donated to The Paul Mellon Centre in prior years, with no valuable items donated in the current year.

The centre does not dispose of books or archives.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2012

20 THREE YEAR FINANCIAL SUMMARY OF HERITAGE ASSET TRANSACTIONS

	2011- 2012 £	2010- 2011 £	2009- 2010 £
Purchases			
Books	-	10,098	12,190
Archives	-	-	-
	<hr/>	<hr/>	<hr/>
Total additions	-	10,098	12,190
	<hr/>	<hr/>	<hr/>

There were no disposals of heritage assets in any of the above years

It is not practicable to provide information for periods earlier than 2010 and this note will be built up going forward

All of the above heritage assets have not been included within the balance sheet

It is not practicable to obtain a valuation of heritage assets acquired by donation as the Governors consider that, owing to the incomparable nature of these historic books and archives, conventional valuation approaches lack sufficient reliability and that, even if the valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the Centre and users of the accounts. There have been no significant donations received by The Paul Mellon Centre in the last three years.