

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 2017

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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/GOVERNORS

Amy Meyers (ex-officio Chief Executive)
Peter Salovey
Benjamin Polak
Stephen Murphy

DIRECTOR OF STUDIES

Mark Hallett

SECRETARY

Amy Meyers

COMPANY NUMBER

983028 (England and Wales)

REGISTERED CHARITY NUMBER

313838

REGISTERED OFFICE AND PRINCIPLE PLACE OF BUSINESS

16 Bedford Square
London
WC1B 3JA

STATUTORY AUDITOR

RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

BANKERS

Lloyds 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 (the Paul Mellon Centre/the Centre) for the year ended 30 June 2017.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Companies Act 2006, the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015 and the Charities Act 2011.

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 of Governors (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 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 2016:

Amy Meyers
Peter Salovey
Benjamin Polak
Stephen Murphy

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

The Paul Mellon Centre ('PMC') operates under the aegis of Yale University. Four members of Yale University's executive management comprise the Board of the Centre, and have legal responsibility for its operations. The Director of the Yale Center for British Art is also ex-officio Chief Executive of the Paul Mellon Centre.

Day to day decision-making and management of the Centre is carried out by the Senior Management Team (SMT), which comprises of the Director of Studies, Mark Hallett, and the three Deputy Directors, Martin Postle, Sarah Ruddick and Sarah Turner, who are employees of the Centre. Significant decisions of a financial, operational or strategic nature are made by the Board.

The Centre's Advisory Council, which is currently comprised of twelve distinguished and senior representatives from the art history world, meet twice a year to consider applications for financial support offered by the Centre's Fellowships and Grants Programme. The Advisory Council makes the final grant and fellowship allocation decisions.

Decisions relating to the Centre's agreement to fund specific publications are made by the Centre's Publications Committee. This Committee meets twice a year and is comprised of three distinguished art-historians, senior colleagues from Yale University Press, and senior members of the Centre.

RECRUITMENT AND APPOINTMENT OF GOVERNORS AND STAFF

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 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

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

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.

The Board gives their time freely and are not remunerated for their work. The Board sets the pay of the Centre's Director of Studies and this is reviewed by them periodically. The pay of the remaining members of the SMT are reviewed by the Director of Studies. The salaries of the remaining Centre staff are reviewed annually by the Director of Studies and the Deputy Director for Finance & Administration. All proposed salaries for the next financial year are approved by the Board of Governors at their annual meeting. The following criteria are used in setting pay:

- Nature of the role and responsibilities
- Average salaries for comparable positions in similar organisations
- Trends of pay in the sector, generally in the UK and at Yale

OBJECTIVES 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 for the public benefit, as set out in its governing document. No change in these activities is foreseen and all assets are held for these purposes. The sound investment policy operated by the Chief Financial Officer at Yale University will enable the Centre to comfortably cover all its commitments (see below).

The Centre is designed to promote the most original, important and stimulating research into the history of British art and architecture. It does this through: supporting scholarly research through its fellowships and grants programme; publishing major works of scholarship in both hard-copy and digital form; providing a world-class library and archive devoted to the history of British art; offering teaching and educational programmes to Yale University students and to members of the general public; delivering a vibrant programme of seminars, work-shops, symposia and conferences; and encouraging the Centre's own employees to conduct and publish their research.

The Centre's legal purpose is to promote the research, study and appreciation of British art and architecture. Our aim is to continually develop our different strands of activity in the fields of publishing, grant and fellowship-giving, teaching, public outreach, research and writing, and in the provision of world-class library and archive facilities, so as to meet this legal purpose.

We measure our success in a number of ways, including published critical approbation, the use of our publications and facilities, the attendance at our events, and the numbers of applications we receive for our various forms of funding provision. In all these areas, our performance has continued to improve over the past year.

The Centre's Director of Studies and Senior Management Team continually reviews the institution's activities and the various performance indicators we use to evaluate success. It also periodically undertakes a process of institutional review, to systematically analyse all the different strands of the Centre's activities. It was agreed in the summer of 2015-16 to embark upon such a Strategic Review during 2016-2017. This Review was carried out during the year and a report summarising the results of the Review and the action points going forward will be produced by the Director of Studies by the spring of 2018.

RELATIONSHIP WITH YALE UNIVERSITY

The Paul Mellon Centre 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, enabling American students to study British culture on its home ground.

GRANT MAKING POLICY

The Paul Mellon Centre, established in 1970, augmented its grant giving policy in 1998. The Centre's grants and

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

fellowships support scholarship, academic research, and the dissemination of knowledge in the field of British art and architectural history from the medieval period to the present. There are several categories of grants and fellowships available, all of which are detailed on our website. There are two application rounds, one in the autumn and one in the spring – the application deadlines are 30 September and 31 January respectively. The Advisory Council meet twice a year to select the successful applications and agree how much will be awarded in each case.

REVIEW OF ACTIVITIES AND FINANCIAL REVIEW

The Centre continued to comfortably maintain its publication activities and grant and fellowship awards, and decreased overall expenditure on its charitable activities, during the financial year ended 30 June 2017.

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. Gifts from external funders are occasionally received but in this financial year there were no additional major 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; 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 2016-2017 the Centre awarded grants and fellowships totalling £580,980. Grants totalling £2,000 were written back in the year.

In the Autumn 2016 round, 201 applications were received for the awards offered by the Centre; 79 of these were successful. 8 Curatorial Research Grants were awarded from a total of 19 applications in that category and 5 applications for Digital Project Grants were successful from a total of 18 applications received. A total of 89 Publication Grant applications were received of which 36 were successful. The smaller awards offered, Research Support Grants and Educational Programme Grants, received a total of 55 and 15 applications respectively of which 20 and 8 grants were made.

The Wilhelmina Barns-Graham Trust, on whose behalf the Centre has administered a Research Support Grant for a number of years, decided to restructure their funding strands resulting in the Wilhelmina Barns-Graham Research Support Grant being discontinued and it was therefore offered for the last time in Autumn 2015. The Andrew Wyld Research Support Grant, administered by the Centre on behalf of the Andrew Wyld Fund, was offered in the Autumn round and 2 awards were made.

The Spring 2017 round, which consists mainly of the five categories of Fellowship offered by the Centre, received 135 applications in total. 2 Senior Fellowships were awarded from a field of 13 applicants, 5 Mid-Career Fellowships were awarded from a total of 21 applicants; 5 Post-doctoral Fellowships from 28 applicants; and 5 Junior Fellowships from 9 applicants. The Rome Fellowship received a low number of 2 applicants with 1 applicant successful. The smaller awards of Research Support Grants and Educational Programme Grants received a total of 50 and 12 applications respectively of which 16 and 5 grants were made.

For a second year the Conservation Grant for the academic year 2016/2017 of £25,000 was awarded by the Director of Studies of the Paul Mellon Centre to Gainsborough's House for a Conservation and Research Project into Gainsborough's Painting Practice.

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.

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

the Council serve five-year terms and 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 and fellowships are only awarded to those applicants whom the Advisory Council deem to have reached the highest standards of achievement. The criteria for awarding its various grants and fellowships 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 Centre regularly assess 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.

In addition to those grants awarded to other organisations for the purpose of hosting academic events, the Centre organised and hosted conferences both in-house and in collaboration with a range of national and regional museums and galleries, and with colleagues at British Universities.

The Centre's in-house research seminar and research lunch programme, continued to flourish during the year with many sessions attracting full-capacity attendance. Research events held at the Centre and at other venues during the year included the following symposia, workshops, conferences and scholars' mornings: *A Year's Art: The Royal Academy Summer Exhibition, 1769-2016*, held at the Centre; *Photography and Britishness Conference* (with YCBA), held at the YCBA; *Making Women's Art Matter: New Approaches to the Careers and Legacies of Women Artists Conference*, held at the Centre; *A Bigger Picture: New Approaches to David Hockney Conference* (with Tate Britain), held at the Centre; and, *Becoming Henry Moore Conference* (with Henry Moore Foundation), held at The Henry Moore Foundation.

Other symposia and workshops were held as part of the Country House Special Project: *Art in the British Country House: Collecting and Display Symposium*, held at the Centre and Doddington and the Delavals: *collecting and display in the 18th century*, a workshop held at Doddington Hall.

The 2017 Mellon Lectures were given by Thomas Crow (Rosalie Solow Professor of Modern Art at the Institute of Fine Arts, New York University). The lecture series, held at the National Portrait Gallery, was entitled, '*Searching for the young soul rebels: Style, music, and art in London 1956-69*'.

The Centre spent a total of £623,703 on its own publications issued by Yale University Press. Among these were publications of note such as: Marcia Kupfer, *Art and Optics in the Hereford Map*; Edited by David Adshead and David A. H. B. Taylor, *Hardwick Hall: A Great Old Castle of Romance*; Richard Ormond and Elaine Kilmurray, *J. S. Sargent: Figures and Landscapes, 1914-1925: The Complete Paintings, Volume IX*; Elizabeth Einberg, *William Hogarth: A Complete Catalogue of the Paintings*; David Jacques, *Gardens of Court and Country: English Design 1630-1730*; Elizabeth Prettejohn, *Modern Painters, Old Masters: The Art of Imitation from the Pre-Raphaelites to the First World War*; and, Ben Highmore, *The Art of Brutalism: Rescuing Hope from Catastrophe in 1950s Britain*.

During the year, the Centre also continued to acquire important library and archival materials to enhance its Research Collections.

In the year, the Centre continued to extend its spring Yale-in-London teaching programme to students at Yale-NUS. The Yale-in London programmes during the year (two summer courses, between June and August, and a spring semester from January to April) attracted a total of twenty-one Yale University undergraduates (all twenty-one students were from New Haven this year).

The Centre's new digital journal, *British Art Studies*, which is co-published with the Yale Center for British Art, was launched in November 2015 and flourished thereafter, being visited by more than 74,000 unique users since it was launched.

In the autumn term of 2015, the Centre launched a new Public Lecture Programme, geared to offering interested members of the general public introductory courses on a broad range of topics in the history of British art and

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

architecture. The first and second lecture courses, held in the autumn terms of 2015 and 2016, have been great successes. Both courses were fully booked and received very positive feedback.

At their annual meeting in February 2013, the Board of Governors agreed to support the Centre's expansion plans and over the course of 2016-17 the planned expansion and refurbishment work was in its final stages.

As the Centre's annual endowment is awarded in USD, the Centre has benefitted from the change in the GBP:USD exchange rate over the last couple of years. The effect of this is that the Centre received additional funds during the year to invest in specific projects over the next few years.

Within the financial year, the Centre was finalising the work on its Expansion Project with the main bulk of expenditure related to this project having been recognised in previous years. During the previous financial year it was identified that further work needed to be carried out to the archive stores, to make them compliant with the relevant industry standards, costing approximately £60,000. The preparation and planning for this work progressed during the year, but was slower than expected due to planning permission requirements. The aim is that this additional work will commence in the spring of 2018 and be completed by the autumn of 2018.

GOING CONCERN

As stated previously in this report, the bulk of the Centre's funds derive from the endowment income transferred annually from Yale University. This endowment was left to Yale University by an alumnus, Mr Paul Mellon, to support research and publication in the field of British studies, especially in the area of British art history and so the University established the Paul Mellon Centre. The endowment is invested and managed by Yale University and the Paul Mellon Centre's annual funding comes from the interest earned on this investment.

The Governors review budgets and projections for the next financial year and the following four years at their annual meeting. Based on these reports, the Governors expect the Centre will have adequate reserves and resources to continue its activities for the foreseeable future, and can meet its obligations as they fall due.

FUTURE PLANS

The Centre expects the remaining building and refurbishment work related to the expansion project to be completed within the next financial year and hopes to start using its enhanced archive storage areas shortly afterwards.

The first Bedford Square Arts Festival, designed to promote the arts and humanities of the Centre and its neighbours on Bedford Square, was held in summer 2017. The Centre has taken the lead in organising the Festival and it was a great success. The Bedford Square Arts Festival will now become an annual summer event.

The Centre is also planning to start running two Public Lecture Courses per year, one in the Spring and one in the Autumn, from 2018 onwards.

During the year, the Centre received £560,000 to fund the following Special Projects over the next few years: A Year's Art: An Online Chronicle of the Royal Academy's Summer Exhibitions, 1769-2018; Art in the British Country House: Collecting and Display; London, Asia; John Constable and British Landscape Painting; Digitisation of The Paul Mellon Centre's Photographic Archive; and; the Girtin online catalogue project.

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 Centre maintains a reserve held in GBP that is equivalent to the current year's Operating Budget, as is required by the Centre's Articles of Association.

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

At the year end, the unrestricted reserves are £6,227,895 (2016: 5,000,038). After removing reserves related to tangible fixed assets of £1,926,494 (2016: £2,015,126), there are free reserves of £4,301,401 (2016: £2,984,912). The level of annual expenditure will fluctuate year on year and the level of reserves is broadly in line with this.

At the year end, reserves totalled £6,348,888 (2016: £5,144,380). A breakdown of reserves is given in note 17.

RISK REVIEW

The Centre's Senior Management Team periodically reviews the principal risks and uncertainties facing the charity and aims to establish policies, systems and procedures to mitigate the risks identified. The main risk currently faced by the Centre is the fluctuation in the GBP:USD exchange rate, as the Centre's annual endowment income is awarded in USD. The Centre manages this risk by ensuring that its annual budgets are calculated at a variety of potential exchange rates to ensure that the Centre could cover its expenditure based on the worst potential exchange rate. The Centre also mitigates this risk by ensuring that it maintains sufficient reserves.

The Senior Management Team have also been focussing on non-financial areas where risks may occur such as fire safety, health & safety, emergency planning, IT, and Human Resources (HR). Steps are being taken to review existing policies, procedures and systems in these areas, and to update and enhance them where required and provide relevant training where necessary. During the year, a HR Manager was recruited, who has been working on reviewing and formalising the Centre's HR documentation and processes. In addition, the Centre's Emergency Recovery Plan (ERP) was finalised during the year and relevant training is planned for the next financial year.

Going forward, the main factor that could affect the financial performance or position of the charity is the fluctuation in the GBP:USD exchange rate.

INVESTMENT POLICY

The Centre does not invest the Endowment, which is under the control of Yale University, however the reserves in London, as required in the reserves policy above, are kept on secure fixed term deposit.

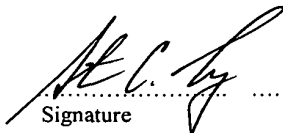
STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITOR

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 RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

This report has been prepared in accordance with the exemptions available for small entities under the Companies Act.

On behalf of the Board


Signature
STEPHEN MURPHY
Print Name

Governor

Date 5th February 2018

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 company for the purposes of company law and the trustees for the purposes of charity 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 Governors 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)

Opinion on financial statements

We have audited the financial statements of The Paul Mellon Centre for Studies in British Art (the 'charitable company') for the year ended 30 June 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Governors' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in Governors' Report.

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:

- adequate accounting records have not been kept, 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 Governors' 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 from the requirement to prepare a Strategic Report or in preparing the Governors' Report.

Responsibilities of Governors

As explained more fully in the Statement of Governors' responsibilities set out on page 8, the Governors (who are also the directors of the charitable 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

RSM UK Audit LLP

SARAH MASON FCA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Date

15 February 2018

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 2017

	<i>Notes</i>	2017 Restricted Funds £	2017 Unrestricted Funds £	2017 Total Funds £	2016 Total Funds £
INCOME FROM:					
<i>Donations and legacies</i>		1,609	-	1,609	-
<i>Other trading activities:</i>					
Publishing Royalties	1	-	296,373	296,373	381,595
Summer Programme	1	-	113,000	113,000	112,733
Yale Undergraduate courses	1	-	99,987	99,987	128,362
Pevsner Programme	1	186,000	-	186,000	166,000
<i>Charitable activities:</i>					
Reserve income	2	-	104,814	104,814	100,000
Endowment income	2	-	2,554,064	2,554,064	2,449,250
Grants and fellowships income	2	4,000	575,000	579,000	583,000
Publications income	2	30,000	200,000	230,000	175,000
Expansion project	2	165,258	-	165,258	368,000
Special projects	2	-	560,000	560,000	-
<i>Investments</i>	3	-	29,885	29,885	22,321
TOTAL INCOME		386,867	4,533,123	4,919,990	4,486,261
EXPENDITURE ON:					
<i>Charitable activities:</i>					
Publishing and printing costs	6	3,261	620,442	623,703	960,564
Summer Programme costs	6	3,261	208,253	211,514	212,353
Yale Undergraduate courses	6	3,261	198,949	202,210	206,842
Fellowships and grants payable	6	63,890	2,132,219	2,196,109	2,020,655
Pevsner Programme	6	171,285	101,926	273,211	303,323
Expansion project	6	23,777	184,958	208,735	260,800
TOTAL EXPENDITURE		268,735	3,446,747	3,715,482	3,964,537
NET INCOME		118,132	1,086,376	1,204,508	521,724
Transfers between funds	17	(141,481)	141,481	-	-
NET MOVEMENT IN FUNDS		(23,349)	1,227,857	1,204,508	521,724
TOTAL FUNDS BROUGHT FORWARD	17	144,342	5,000,038	5,144,380	4,622,656
TOTAL FUNDS CARRIED FORWARD		120,993	6,227,895	6,348,888	5,144,380

The notes on pages 14 to 29 form part of these financial statements.

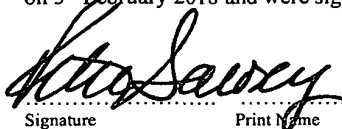
The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
BALANCE SHEET
At 30 June 2017

Registered Charity No: 313838
Company No: 983028

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	10	1,926,494	2,015,126
CURRENT ASSETS			
Debtors	11	338,462	362,659
Cash at bank and in hand		4,899,865	3,437,507
		5,238,327	3,800,166
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	815,933	670,912
NET CURRENT ASSETS		4,422,394	3,129,254
TOTAL ASSETS LESS CURRENT LIABILITIES		6,348,888	5,144,380
NET ASSETS		6,348,888	5,144,380
CAPITAL AND RESERVES			
Unrestricted funds	17	6,227,895	5,000,038
Restricted Funds	17	120,993	144,342
		6,348,888	5,144,380

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies.

These financial statements on pages 11 to 29 were approved by the Board of Governors and authorised for issue on 5th February 2018 and were signed on its behalf by

 PETER SALOVEY
Signature Print Name

Governor

 STEPHEN MURPHY
Signature Print Name

Governor

The notes on pages 14 to 29 form part of these financial statements.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
STATEMENT OF CASH FLOWS
for the year ended 30 June 2017

	<i>Notes</i>	2017 £	2016 £
OPERATING ACTIVITIES			
Cash generated from operations	16	1,462,457	176,289
NET CASH FROM OPERATING ACTIVITIES		<u>1,462,457</u>	<u>176,289</u>
INVESTING ACTIVITIES			
Interest received		29,885	22,321
Payments to acquire tangible fixed assets		(29,984)	(1,031,821)
Proceeds on disposal of tangible fixed assets		-	100
NET CASH USED IN INVESTING ACTIVITIES		<u>(99)</u>	<u>(1,009,400)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>1,462,358</u>	<u>(833,111)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>3,437,507</u>	<u>4,270,618</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>4,899,865</u>	<u>3,437,507</u>

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

ACCOUNTING POLICIES

COMPANY INFORMATION

The Paul Mellon Centre for Studies in British Art (the Centre) is a private charitable company limited by guarantee incorporated in England and Wales (no. 983028). Details of the registered office are given on page 1 of the financial statements. The nature of the charitable company's operations and its principal activities are described in the Governors' Report.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) issued on 16 July 2014 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

GOING CONCERN

The Governors have reviewed detailed operating budgets for the next five years. 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.

FUNCTIONAL CURRENCY

The financial statements are presented in sterling which is also the functional currency of the charity.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

FIXED ASSETS AND DEPRECIATION

All fixed assets are stated at historical cost less accumulated depreciation. The cost of minor additions or those costing below £1,000 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:

Leasehold improvements	over 25 year lease term
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 2017, the charitable company had 4 members (2016: 4).

INCOME

Publishing royalties are accounted for on an accruals basis.

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

Endowment and other income is accounted for on an accruals basis when the charity becomes entitled to the income.

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

ACCOUNTING POLICIES

EXPENDITURE

Expenditure is recognised on an accruals basis as a liability is incurred. It is 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.

FELLOWSHIPS AND GRANTS PAYABLE

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

PENSION CONTRIBUTIONS

The charity 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 13).

UNRESTRICTED FUNDS

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

RESTRICTED FUNDS

Restricted funds are donations and other income receivable or generated that are subjected to restrictions on their expenditure imposed by their donor.

LEASES

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

HERITAGE ASSETS

The Centre 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 20 and 21.

FINANCIAL INSTRUMENTS

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102, in full, to all of its financial instruments.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

Financial assets

Basic financial assets, which include other debtors and accrued income are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Financial liabilities

Basic financial liabilities, which include trade creditors, grants payable, other creditors and accruals, are initially measured at transaction price and subsequently measured at amortised cost.

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

ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In the application of the charity's accounting policies, the Governors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The Centre holds a large 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 must consider whether a suitable and reliable valuation technique is available at a cost that is not so onerous as to outweigh any such benefits of obtaining the valuation. At present, the Governors have made a judgement that no such valuation method is available for the heritage assets that the Centre holds and as such no value has been attributed to these assets in these financial statements.

The Governors review any grants that have been committed during the year and remain unpaid at the year-end. The Governors must make a judgement as to whether the unpaid grants meet the criteria to be recognised in the financial year and therefore accrued as a liability at the year-end. The amount of expenditure accrued as at 30 June 2017 was £288,880 (2016: £240,300).

The publishing royalties recognised in the year are not known at the year end. The Governors make an estimate for this amount based on previous amounts received and post year-end information. The amount recognised in respect of this income for the year ended 30 June 2017 was £296,373 (2016: £381,595). The amount accrued of income as at 30 June 2017 was £120,548 (2016: £184,824).

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

1 INCOME FROM OTHER TRADING ACTIVITIES

	2017 Restricted £	2017 Unrestricted £	2017 Total £	2016 Total £
Publishing Royalties	-	296,373	296,373	381,595
Summer Programme	-	113,000	113,000	112,733
Yale Undergraduate courses	-	99,987	99,987	128,362
Pevsner Programme	186,000	-	186,000	166,000
	<u>186,000</u>	<u>509,360</u>	<u>695,360</u>	<u>788,690</u>

The income from other trading activities was £695,360 (2016: £788,690) of which £509,360 was unrestricted (2016: £622,690) and £186,000 was restricted (2016: £166,000).

2 INCOME FROM CHARITABLE ACTIVITIES

	2017 Restricted £	2017 Unrestricted £	2017 Total £	2016 Total £
Reserve income	-	104,814	104,814	100,000
Endowment income	-	2,554,064	2,554,064	2,449,250
Grants and fellowships income	4,000	575,000	579,000	583,000
Publications income	30,000	200,000	230,000	175,000
Expansion project	165,258	-	165,258	368,000
Special projects	-	560,000	560,000	-
	<u>199,258</u>	<u>3,993,878</u>	<u>4,193,136</u>	<u>3,675,250</u>

The income from charitable activities was £4,193,136 (2016: £3,675,250) of which £3,993,878 was unrestricted (2016: £3,299,250) and £199,258 was restricted (2016: £376,000).

3 INCOME FROM INVESTMENTS

	2017 £	2016 £
Bank interest receivable	<u>29,885</u>	<u>22,321</u>

The income from investments was all unrestricted in the current and prior year.

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

4	NET MOVEMENT IN FUNDS	2017	2016
		£	£
	Net movement in funds is stated after charging:		
	Operating lease rentals	296,990	307,206
	Auditor's remuneration:		
	Relating to current year:		
	- audit services	10,000	9,500
	- other services	6,000	7,036
	Relating to prior year:		
	- audit services	2,695	-
	- other services	1,442	-
	Depreciation of tangible fixed assets:		
	- owned	118,616	106,161
		<u> </u>	<u> </u>

Of the total income, £4,884,496 (2016: £4,455,940) was received from outside the United Kingdom.

5	EMPLOYEES	2017	2016
		No.	No.
	The average monthly number of persons (excluding Governors) employed by the charitable company during the year was:		
	Research and administration	24	21
		<u> </u>	<u> </u>
		2017	2016
		£	£
	Staff costs for the above persons:		
	Wages and salaries	1,004,044	891,599
	Social security costs	112,637	96,575
	Pension costs	180,278	161,645
		<u>1,296,959</u>	<u>1,149,819</u>
		<u> </u>	<u> </u>
	The number of employees whose emoluments (excluding pension contributions) amounted to more than £60,000 in the year in increasing bands of £10,000 were:	2017	2016
		No.	No.
	£80,001 to £90,000	2	2
	£170,001 to £180,000	-	1
	£180,001 to £190,000	<u>1</u>	<u>-</u>

During the year pension contributions for the above employees amounted to £74,356 (2016: £72,217).

Directors received no remuneration for their work as Governors (2016: £nil).

No amounts were paid or expenses reimbursed to the Governors during the year (2016: £nil).

The key management personnel of the charity comprise the Governors and the UK Senior Management Team.

The total employee benefits of the key management personnel during the year, which comprised salary, pension benefits and benefits in kind, were £509,578 (2016: £487,456) and Employer's National Insurance of £51,033 (2016: £49,504).

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

6 EXPENDITURE ON CHARITABLE ACTIVITIES - ALLOCATION OF SUPPORT COSTS AND OVERHEADS

Charitable activities 2017	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total 2017 £
Publishing costs	188,646	-	328,805	106,252	623,703
Summer Programme costs	27,269	-	81,694	102,551	211,514
Yale Undergraduate courses	27,269	-	72,390	102,551	202,210
Fellowships and grants	1,047,749	35,722	578,980	533,658	2,196,109
Pevsner costs	-	-	171,285	101,926	273,211
Expansion project	6,026	82,894	17,751	102,064	208,735
	<u>1,296,959</u>	<u>118,616</u>	<u>1,250,905</u>	<u>1,049,002</u>	<u>3,715,482</u>
Charitable activities 2016	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total 2016 £
Publishing costs	116,951	-	737,197	106,416	960,564
Summer Programme costs	26,583	-	84,197	101,573	212,353
Yale Undergraduate courses	26,583	-	78,686	101,573	206,842
Fellowships and grants	911,457	44,158	515,708	549,332	2,020,655
Pevsner costs	-	-	203,182	100,141	303,323
Expansion project	68,245	62,003	26,736	103,816	260,800
	<u>1,149,819</u>	<u>106,161</u>	<u>1,645,706</u>	<u>1,062,851</u>	<u>3,964,537</u>

The expenditure on charitable activities was £3,715,482 (2016: £3,964,537) of which £3,446,747 was unrestricted (2016: £3,635,614) and £268,735 was restricted (2016: £328,923).

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

7	SUPPORT COSTS	2017	2016
		£	£
	Operating costs	272,711	277,112
	Accommodation costs	385,583	470,156
	Other expenses	360,963	254,145
	Governance costs	29,745	61,438
	Total support costs	1,049,002	1,062,851
8	GRANTS PAYABLE	2017	2016
		£	£
	Fellowships and grants payable to institutions	271,000	233,300
	Fellowships and grants payable to individuals	309,980	285,700
	Grants cancelled/written back in the year	(2,000)	(8,570)
		578,980	510,430

In the year ended 30 June 2017, 73 grants and fellowships were awarded to individuals (2016: 70) and 46 grants and fellowships were awarded to institutions (2016: 42).

Institutional grants were awarded as follows:

Institution	No. of grants awarded	Awarded in the year £
Art and Christianity Enquiry	1	1,200
Birkbeck, University of London	1	2,000
British Film Institute	1	1,000
Cambridge University	1	15,000
Carnegie Museum of Art (under Carnegie Institute)	1	20,000
Courtauld Institute of Art	1	2,000
Department of History of Art, University of York	1	3,000
Eric and Salome Estorick Foundation	1	3,500
Gainsborough's House	1	25,000
Impressions Gallery of Photography Limited	1	12,000
John Rylands Research Institute/Special Collections	1	8,000
Leeds Art Fund	1	3,500
Liverpool University Press	1	3,500
Lund Humphries Publishers	2	3,750
Mount Stuart Trust	2	6,200
Museums Sheffield	1	15,000
National Portrait Gallery of Australia	1	3,500
National Trust	1	3,500
Nottingham City Museums and Galleries	1	3,500
Oxford Brookes University	1	2,600
Pallant House Gallery	1	2,700
Paul Holberton publishing	3	6,750
Public Catalogue Foundation	1	20,000
Public Monuments & Sculpture Association	1	6,500
Reaktion Books	1	3,500
Carried forward to page 21	29	177,200

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Institutional grants were awarded as follows:

Institution	No. of grants awarded	Awarded in the year £
Brought forward from page 20	29	177,200
RIBA Publishing	1	3,000
Royal Birmingham Society of Artists	1	1,700
Tate Britain	1	2,000
Teesside University	1	15,000
The Charterhouse	1	8,000
The Foundling Museum	1	4,500
The Holburne Museum	1	3,000
The Pennsylvania State University Press	1	2,500
UCL Press	1	3,000
University College London	1	1,200
University of Chester	1	20,000
University of Manchester Library	1	10,000
University of Nottingham	1	5,000
University of St Andrews	1	1,200
Waddesdon Manor (The Rothschild Collection)	1	2,700
Whitechapel Gallery	1	3,500
Wolfson College	1	7,500
	<hr/> 46	<hr/> 271,000

Individual grants were awarded as follows:

Individual	No. of grants awarded	Awarded in the year £
Aleksandr Bierig	1	2,000
Alexandra Gent	1	1,000
Alice Ottazzi	1	2,000
Alicia Foster	2	5,000
Alicia Hughes	1	2,000
Alison FitzGerald	1	1,300
Allison Stagg	1	1,900
Amy Tobin	1	8,000
Anna S. Frasca-Rath	1	3,000
Anne-Francoise Morel	1	1,700
Anuradha Chatterjee	1	1,700
Ashley Mason	1	1,400
Ben Pollitt	1	2,000
Carlotta Falzone Robinson	1	2,000
Caroline Elam	1	3,000
Caroline Fuchs	1	1,000
Caroline Rae	1	8,000
Celeste-Marie Bernier	1	3,000
Claire Wintle	1	12,000
Daniel Bochman	1	1,200
David Taylor	1	500
Carried forward to page 22	<hr/> 22	<hr/> 63,700

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Brought forward from page 21	22	63,700
Dr Spike Bucklow	1	1,000
Elisabeth Gerner	1	8,000
Elyse Nelson	1	7,500
Emre Gonlugur	1	1,500
Ezra Shales	1	1,000
Federica Soletta	1	7,500
Heidi Egginton	1	1,200
Helen Draper	1	1,000
Jacqueline Riding	1	1,500
Jasmine Allen	1	1,400
Jo Applin	1	2,500
Joanne Mancini	1	3,000
Julian North	1	1,200
Katharine Meynell	1	1,800
Kathryn Rudy	1	32,000
Katie Herrington	1	1,800
Kester Rattenbury	1	1,500
Kristin Mahoney	1	2,000
Laura Turner	1	2,000
Leila Harris	1	7,500
Lindsay Wells	1	1,000
Louise Box	1	2,000
Mallika Leuzinger	1	2,000
Margaret Lacono	1	1,000
Maria Cristina Terzaghi	1	12,000
marie bourke	1	1,000
Matthew Greg Sullivan	1	12,000
Matthew Hunter	1	1,900
Matthew Walker	1	1,000
Melissa Buron	1	2,000
Mengting Yu	1	1,000
Mercedes Ceron	1	12,000
Michel Remy	1	2,000
Miranda Elston	1	1,000
Monica Sassatelli	1	12,000
Paris Spies-Gans	1	7,500
Perrin Lathrop	1	2,000
Renee Tobe	1	19,800
Richard Butler	1	1,800
Rixt Woudstra	1	7,500
Rodolfo Acevedo Rodriguez	1	1,200
Rozemin Keshvani	1	1,780
Sarah Leonard	1	2,000
Siddhartha Shah	1	2,000
Steven Brindle	1	32,000
Taylor McCall	1	8,000
Timothy Hyde	1	1,000
Victoria Jackson	1	900
Vimalin Rujivacharakul	1	2,000
Virginia Brilliant	1	2,000
Zoe Thomas	1	4,000
	73	309,980

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

9 TAXATION

The company is a registered charity and is exempt from tax on income and gains falling within section 466 to 493 of the Corporation Tax Act 2010, to the extent that these are applied to the charitable objects.

10 TANGIBLE FIXED ASSETS	<i>Leasehold improvements</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost				
1 July 2016	2,011,286	511,090	205,898	2,728,274
Additions	5,441	19,354	5,189	29,984
30 June 2017	2,016,727	530,444	211,087	2,758,258
Depreciation				
1 July 2016	62,003	467,360	183,785	713,148
Charged in the year	82,894	21,555	14,167	118,616
30 June 2017	144,897	488,915	197,952	831,764
Net book value				
30 June 2017	1,871,830	41,529	13,135	1,926,494
30 June 2016	1,949,283	43,730	22,113	2,015,126
11 DEBTORS			2017 £	2016 £
Other debtors			18,418	23,328
Prepayments			199,496	150,507
Accrued income			120,548	188,824
			338,462	362,659
12 CREDITORS: Amounts falling due within one year			2017 £	2016 £
Grants awarded but not yet paid			288,880	240,300
Trade creditors			88,154	100,410
Other creditors			26,194	21,805
Other taxation and social security costs			34,091	30,813
Accruals and deferred income			378,614	277,584
			815,933	670,912

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

12 CREDITORS: Amounts falling due within one year (*continued*)

DEFERRED INCOME	2017 £	2016 £
Deferred income at 1 July	75,254	411,107
Income deferred in the year	78,395	75,254
Amounts released from previous years	(75,254)	(411,107)
Deferred income at 30 June	<u>78,395</u>	<u>75,254</u>

Deferred income arises where the Centre receives income early, before the period it relates to. All deferred income relates to payments for courses due to be held in the Summer of 2017.

13 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, including death in service, and amounted to £180,278 (2016: £161,645). This cost is allocated between activities on the same basis as staff costs. Contributions payable to the fund at the year end and included in creditors amounted to £15,485 (2016: £12,530).

14 OTHER FINANCIAL COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Amounts due:		
Within one year	296,900	296,900
Between one and five years	1,187,600	1,187,600
After five years	5,220,492	5,517,392
	<u>6,704,992</u>	<u>7,001,892</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

15 FINANCIAL INSTRUMENTS

The carrying amounts of the charity's financial instruments at 30 June were:

	2017 £	2016 £
Financial assets:		
Accrued income	120,548	188,824
Other debtors	18,418	23,328
	<u>138,966</u>	<u>212,152</u>
	2017 £	2016 £
Financial liabilities:		
Grants payable	288,880	240,300
Trade creditors	88,154	100,410
Other creditors	26,194	21,805
Accruals	300,219	202,330
	<u>703,447</u>	<u>564,845</u>

16 RECONCILIATION OF NET INCOME TO NET CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Net income	1,204,508	521,724
Adjustments for:		
Depreciation of tangible assets	118,616	106,161
Loss on disposal of tangible fixed assets	-	25,793
Interest receivable	(29,885)	(22,321)
Operating cash flows before movement in working capital	<u>1,293,239</u>	<u>631,357</u>
Decrease in debtors	24,197	7,219
Increase/(decrease) in creditors	145,021	(462,287)
Cash generated from operations	<u>1,462,457</u>	<u>176,289</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

17	MOVEMENT IN FUNDS	At 1 July 2016 £	Income £	Expenditure £	Transfers £	At 30 June 2017 £
	Unrestricted funds	5,000,038	4,533,123	(3,446,747)	141,481	6,227,895
	Restricted funds:					
	Pevsner Programme	38,143	186,000	(171,285)	-	52,858
	Expansion Project	-	165,258	(23,777)	(141,481)	-
	The Allen Fund	106,199	-	(38,064)	-	68,135
	Andrew Wyld	-	3,000	(3,000)	-	-
	Gainsborough Project	-	1,000	(1,000)	-	-
	British Art Studies	-	30,000	(30,000)	-	-
	West Study Day	-	575	(575)	-	-
	Country House Project	-	1,034	(1,034)	-	-
	Total restricted funds	144,342	386,867	(268,735)	(141,481)	120,993
	Total funds	5,144,380	4,919,990	(3,715,482)	-	6,348,888

MOVEMENT IN FUNDS – prior year

	At 1 July 2015 £	Income £	Expenditure £	Transfers £	At 30 June 2016 £
Unrestricted funds	3,942,106	3,944,261	(3,635,614)	749,285	5,000,038
Restricted funds:					
Barns-Graham	-	2,000	(2,000)	-	-
Pevsner Programme	75,325	166,000	(203,182)	-	38,143
Expansion Project	476,266	368,000	(94,981)	(749,285)	-
The Allen Fund	128,959	-	(22,760)	-	106,199
Andrew Wyld	-	2,000	(2,000)	-	-
Gainsborough Project	-	4,000	(4,000)	-	-
Total restricted funds	680,550	542,000	(328,923)	(749,285)	144,342
Total funds	4,622,656	4,486,261	(3,964,537)	-	5,144,380

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

Included within unrestricted funds is the following designated fund:

	At 1 July 2016 £	Income £	Expenditure £	At 30 June 2017 £
Special projects fund	-	560,000	-	560,000

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17 MOVEMENT IN FUNDS (*continued*)

Due to the favourable US dollar to UK sterling exchange rate during the year additional funds of £560,000 have been made available to the Charity by Yale University. These funds have been set aside in a separate designated fund for special projects to be undertaken in future periods.

Restricted funds are subjected to restrictions on their expenditure as imposed by their donor. Further details of each restricted fund are as follows:

Pevsner Programme: The Pevsner Architectural Guides are a series of guide books on the architecture of the British Isles. The Centre agreed to provide financial support for the updating of the Pevsner Buildings of England series from 2012 to 2020.

Expansion Project: Expansion and refurbishment project to provide an improved environment and increased space for our library and archives, our events programme, our Yale-in-London students and our staff.

The Allen Fund: This fund was created by a generous gift from the Trustees of Paul Mellon's Estate to The Centre in May 2015 in honour of Brian Allen who was the Centre's Director from 2003 to 2012. The majority of this donation will be used to fund a new Fellowship at the Centre, called "The Allen Fellowship". The Allen Fellow will work at the Centre for two years on a variety of the scholarly projects being undertaken at the Centre. This donation would support this Fellowship for four years. The remaining funds from The Allen Fund will be used to support a new initiative at the Centre, called "The Country House Project" (described below).

Andrew Wyld Research Support Grant: The Andrew Wyld Research Support Grant is administered by the Centre. One or two awards are made annually to students working on a topic in the field of British works of art on paper of the eighteenth and nineteenth centuries, including watercolours, prints and drawings.

Gainsborough: A catalogue of Gainsborough's work is currently being written by Hugh Belsey and will be published by the Centre, in association with Yale University Press, in 2018/19. These funds were given to the Centre specifically as a contribution towards the completion of this catalogue.

British Art Studies (BAS): British Art Studies, a joint publication between the Centre and the Yale Center for British Art (YCBA), is one of the few completely open access journals in the field of art history, providing a forum for the growing debate about digital scholarship, publication and copyright. The Paul Mellon Centre developed a purpose-built website and carefully considered elements such as identification, preservation and licensing. The aim of BAS is to provide an innovative space for new research and scholarship of the highest quality on all aspects of British art, architecture and visual culture in their most diverse and international contexts. BAS will reflect the dynamic and broad ranging research cultures of the Centre and the YCBA, as well as the wider field of studies in British art and architecture today. The YCBA will be contributing £30,000 per annum towards the costs of BAS.

West Study Day: A Study Day, held at Spencer House, where the attendees reviewed the works of Benjamin West.

Country House Project: The aim of this project is to catalogue the collections of paintings at some of Britain's most important country houses.

Transfers: An amount equal to the amount spent on the Expansion Project has been transferred from restricted funds to unrestricted as the monies have been spent as required by the donor.

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18 ANALYSIS OF NET ASSETS	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Current year			
Tangible fixed assets	-	1,926,494	1,926,494
Current assets	190,280	5,048,047	5,238,327
Current liabilities	(69,287)	(746,646)	(815,933)
	<u>120,993</u>	<u>6,227,895</u>	<u>6,348,888</u>

Prior year	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Tangible fixed assets	-	2,015,126	2,015,126
Current assets	183,921	3,616,245	3,800,166
Current liabilities	(39,579)	(631,333)	(670,912)
	<u>144,342</u>	<u>5,000,038</u>	<u>5,144,380</u>

19 RELATED PARTY TRANSACTIONS

During the year the charity received £4,588,123 (2016: £4,149,599) 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.

During the year the charity received £nil (2016: £37,856) from Yale NUS (Singapore), an entity under common control of Yale University. The funds were used for the Yale in London spring term course.

At the year-end, the charity owed Yale University £10,709 (2016: Yale University owed the charity £9,276) in respect of sterling expenses incurred on behalf of Yale University.

During the year the charity received £296,373 (2016: £381,595) from Yale University Press, in relation to publishing royalties. Yale University Press is a subsidiary of Yale University, the entity responsible for establishing the charity. During the year, the charity paid £259,662 (2016: £660,078) to Yale University Press for book publishing costs. Included in creditors is a balance of £17,805 (2016: £36,672) due to Yale University Press.

20 HERITAGE ASSETS NOT RECOGNISED IN THE BALANCE SHEET

The Centre maintains a collection of approximately 30,000 books and exhibition catalogues, 8,600 auction catalogues, 250 journal titles and 34 separate archive collections. 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. They also include the Centre's own Institutional Archive which documents the history of the Centre from its foundation in 1963 to the current day. The book collection covers British painting, sculpture, drawing prints, architecture and garden history from the medieval period to the present day, as well as eighteenth century decorative arts.

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20 HERITAGE ASSETS NOT RECOGNISED IN THE BALANCE SHEET (*continued*)

The Centre also holds two major photographic archive collections. The first was compiled by the Centre itself and is a series of discrete but related collections consisting of over 185,000 photographs, reproductions and cuttings of paintings, drawings and engravings of British Art and architecture from ca. 1200 to the present day. All major artists are represented in depth and one of the strengths of the archive is its coverage of lesser-known British artists. The second was compiled by curators at Tate as an informal internal reference resource. It was acquired by the Centre in 2009 and comprises about 35,000 reference photographs of British paintings, drawings and prints covering the period 1500 to the twentieth century.

The Centre maintains a full catalogue of its library collection of heritage assets. Information provided by this catalogue includes the author, imprint and class of the book. 11 of the 34 archive collections have been fully catalogued, with detailed information given at Collection, series and file level. The remainder of the archive collections have box lists that provide details of the file titles contained within each box, usually recorded at the time the collection is acquired. All of these collections are available to the public via prior appointment.

Preservation/Conservation and Management

The Centre has a programme of conservation which is carried out on a case by case basis. The cost of any conservation work varies year by year and is detailed in the relevant budgets.

The books and archives are managed by the Research Collections staff including the Librarian, who is responsible for the books and the Archivist and Records Manager, who is responsible for the paper archives. Research Collections staff manage the material in accordance with professional best practice. Research Collections staff report to Professor Mark Hallett, Director of Studies, and relevant policies are approved by the Governors.

Acquisitions and Disposals

Non-heritage books are added to the collection at a rate of approximately 1,250 per year by purchase. The Centre rarely pays more than approximately £250 for a book but there have been exceptions in previous years. In recent years, as many as 5,000 heritage books per year have been added by donation.

The Centre is a collecting institution and actively seeks to acquire archive material in accordance with its official Collecting Policy (agreed and approved by the National Archives). Archive collections may be acquired by gift or purchase and come from both inside and outside the UK. In the financial year 2016-17 the Centre acquired, by donation, two large library collections and five archive collections.

21 FIVE YEAR FINANCIAL SUMMARY OF HERITAGE ASSET TRANSACTIONS

In the last five years approximately 7,000 books and 600 auction catalogues were added to the library collection and there were no major disposals.

In the last five years the Centre has acquired 12 archive collections and there were no disposals.

As of end of June 2017 the library collection was insured for the sum £2,370,000, the archive collections for £820,500, and the photographic archive collections for £250,000.