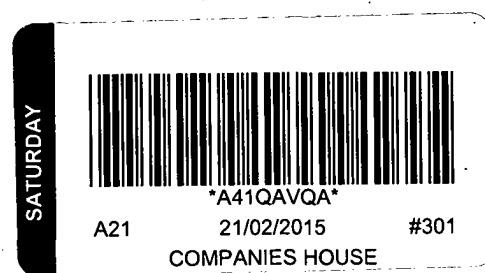


Registered Charity No: 313838  
Company No: 983028 (England and Wales)

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

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

for the year ended  
30 June 2014



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

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<i>Contents</i>	<i>Page</i>
Legal and administrative information	1
Governors' Report	2 – 5
Statement of Governors' responsibilities in respect of the preparation of financial statements	6
Auditor's Report	7
Statement of Financial Activities (including income and expenditure account)	8
Balance Sheet	9
Accounting Policies	10 – 11
Notes to the Financial Statements	12 – 22

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

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**DIRECTORS/GOVERNORS**

Amy Meyers  
Shauna King  
Peter Salovey  
Benjamin Polak

**DIRECTOR OF STUDIES**

Mark Hallett

**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

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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 2014.

### 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 2013:

Amy Meyers  
Shauna King  
Peter Salovey  
Benjamin Polak  
Richard Charles Levin

(resigned 1 July 2013)

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

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### REVIEW OF ACTIVITIES AND FINANCIAL REVIEW

During the financial year 2013-14 the Centre continued comfortably to be able to maintain its publication activities and grant and fellowship awards and increased the amount of funds spent on academic events. 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 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 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 2013-2014 the Centre awarded grants and fellowships totalling £635,405. Thirteen Curatorial Research Grants and forty-one Publication Grants were awarded (seventeen to individual authors and twenty-four to publishers); nine Education Programme Grants were made to support conferences and lectures and twenty-eight Research Support Grants were awarded to individual scholars. Details of individual projects are listed on pp.16-18 of this report and in the Centre's Annual Report. NB: The Centre awards one Conservation Grant each year; the 2013 grant was included in the previous financial year and the 2014 grant will fall in to the following financial year.

Senior Fellowships were awarded to two scholars and seven Post-doctoral fellowships were awarded to scholars to enable them to convert their doctoral dissertation into publishable books. Two Junior Fellowships were awarded to scholars engaged in research for a doctoral dissertation and one Rome Fellowship was awarded in collaboration with the British School at Rome. The Centre established a new award during the year called the Mid-Career Fellowship; three awards were made in this category. 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.

The Advisory Council in London comprises twelve leading university professors and high-ranking museum professional with specialist knowledge of the history of British art, architecture and the decorative arts. Members of 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 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 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.

During the year 2013-2014 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 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.

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

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The Centre spent a total of £641,468 on its own publications issued by Yale University Press. Among these were publications of note such as Christopher Rowell's *Ham House: Four Hundred Years of Collecting and Patronage*; Rosie Dias's *Exhibiting Englishness: John Boydell's Shakespeare Gallery and the Formation of a National Aesthetic*; Joseph Monteyne's *From Still Life to the Screen: Print Culture, Display and the Materiality of the Image in 18th-century London*; Anthony Geraghty's *The Sheldonian Theatre: Architecture and Learning in Seventeenth-century Oxford*; Christine Stevenson's *The City and the King: Architecture and Politics in Restoration London*; Melanie Doderer-Winkler's *Magnificent Entertainments: Temporary Architecture for Georgian Festivals*; Francis Haskell's *The King's Pictures: The Formation and Dispersal of the Collections of Charles I and His Courtiers*; Annette Carruthers's *The Arts and Crafts Movement in Scotland: A History*; Elizabeth McKellar's *The Landscapes of London: The City, the Country and the Suburbs 1660-1840*; Beth Fowkes Tobin's *The Duchess's Shells: Natural History Collecting in the Age of Cook's Voyages*; and Mark Hallett's *Reynolds: Portraiture in Action*.

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 *British Museum*, *Historic Royal Palaces Trust*, *Tate Britain*, the *National Horseracing Museum*, the *National Museum of Wales*, and the *Victoria and Albert Museum*.

The Centre's in-house research seminar and research lunch programme, established in FY13, continued to flourish during the year with many sessions attracting full-capacity attendance.

The Centre's Yale-in-London programmes (two Summer Courses, between June and August, and a Spring Semester from January to April) attracted a total of thirty-two Yale University undergraduates.

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.

### FUTURE PLANS

The Centre intends to expand its premises within the next financial year. The Board of Governors agreed to support the proposed expansion plans at their annual meeting in February 2014.

### 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

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### 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



Date

8 February 2015

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

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

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The governors (who are also directors of The Paul Mellon Centre for Studies in British Art 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 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 2014 on pages 8 to 22. 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **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 2014 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 Companies Act 2006.

### **Opinion on other matter prescribed by 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

**20 February 2015**

**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 2014**

	<i>Notes</i>	2014 Restricted Funds £	2014 Unrestricted Funds £	2014 Total Funds £	2013 Total Funds £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
<i>Activities for generating funds:</i>					
Publishing Royalties		-	225,893	225,893	302,583
Summer Programme		-	112,745	112,745	128,084
Yale Undergraduate courses		-	100,842	100,842	103,116
Pevsner Programme		225,000	-	225,000	204,580
<i>Investment income</i>	2	-	11,593	11,593	3,246
Incoming resources from charitable activities:					
Reserve income	3	-	350,000	350,000	79,000
Endowment income	3	-	2,136,561	2,136,561	1,562,360
Grants and fellowships income	3	2,000	578,231	580,231	596,200
Publication income	3	-	182,848	182,848	187,862
<b>TOTAL INCOMING RESOURCES</b>		<b>227,000</b>	<b>3,698,713</b>	<b>3,925,713</b>	<b>3,167,031</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities:					
Publishing and printing costs	5	-	639,777	639,777	689,558
Summer programme costs	5	-	235,157	235,157	188,539
Yale Undergraduate courses	5	-	171,675	171,675	169,035
Fellowships and grants payable	5	2,000	1,747,379	1,749,379	1,475,302
Pevsner Programme	5	247,693	75,007	322,700	163,751
Governance costs	6	-	187,982	187,982	171,759
<b>TOTAL RESOURCES EXPENDED</b>		<b>249,693</b>	<b>3,056,977</b>	<b>3,306,670</b>	<b>2,857,944</b>
<b>NET (OUTGOING)/INCOMING RESOURCES/ NET (EXPENDITURE)/INCOME</b>		<b>(22,693)</b>	<b>641,736</b>	<b>619,043</b>	<b>309,087</b>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<b>110,336</b>	<b>1,694,542</b>	<b>1,804,878</b>	<b>1,495,791</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	16	<b>87,643</b>	<b>2,336,278</b>	<b>2,423,921</b>	<b>1,804,878</b>

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 22 form part of these financial statements.

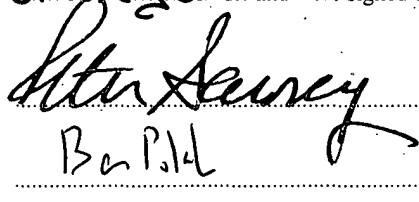
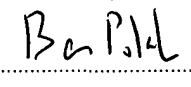
The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)  
BALANCE SHEET  
At 30 June 2014

Registered Charity No: 313838  
Company No: 983028

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	10	108,198	114,259
<b>CURRENT ASSETS</b>			
Debtors	11	489,927	279,432
Cash at bank and in hand		2,675,856	2,071,026
		3,165,783	2,350,458
<b>CREDITORS: Amounts falling due within one year</b>	12	815,060	564,839
<b>NET CURRENT ASSETS</b>		2,350,723	1,785,619
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,458,921	1,899,878
<b>CREDITORS: Amounts falling due after one year</b>	13	35,000	95,000
<b>NET ASSETS</b>		2,423,921	1,804,878
<b>CAPITAL AND RESERVES</b>			
Unrestricted funds	16	2,336,278	1,694,542
Restricted Funds	16	87,643	110,336
		2,423,921	1,804,878

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 22 were approved by the board of Governors and authorised for issue on 8 February 2015 and were signed on its behalf by

 8 February 2015  
 8 February 2015

Governors

The notes on pages 12 to 22 form part of these financial statements.

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

### ACCOUNTING POLICIES

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#### 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 June 2016. 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 £1,000 are not capitalised. In the previous years the capitalisation threshold was £5,000. The governors reviewed this threshold during the year and deemed that £1,000 was a more appropriate amount given the use of fixed assets in the charity. 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 2014 the charitable company had 4 members (2013: 5).

#### INCOMING RESOURCES

Royalties - Royalties are accounted for on an accruals basis.

Summer Programme/ Yale in London/ Pevsner - Income and expenditure relating to the programmes 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

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#### 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 2014**

1	NET MOVEMENT IN FUNDS	2014 £	2013 £
	Net movement in funds is stated after charging:		
	Operating lease rentals:		
	Land and buildings	162,500	162,500
	Auditor's remuneration -		
	Audit services – current year	8,500	9,600
	Audit services – prior year	-	2,035
	Other services	6,978	3,038
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year on owned assets	39,938	27,708
		<u>39,938</u>	<u>27,708</u>

Of the total incoming resources £3,912,120 (2013: £3,161,785) was received from outside the United Kingdom.

2	INVESTMENT INCOME	2014 £	2013 £
	Bank interest receivable	11,593	3,246
		<u>11,593</u>	<u>3,246</u>

3	DONATIONS AND GIFTS	2014 Restricted £	2014 Unrestricted £	2014 Total £	2013 Total £
	Reserve income	-	350,000	350,000	79,000
	Endowment income	-	2,136,561	2,136,561	1,562,360
	Grants and fellowships income	2,000	578,231	580,231	596,200
	Publication income	-	182,848	182,848	187,862
		<u>2,000</u>	<u>3,247,640</u>	<u>3,249,640</u>	<u>2,425,422</u>

**The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2014**

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<b>4</b>	<b>EMPLOYEES</b>	<b>2014</b>	<b>2013</b>
		<b>No.</b>	<b>No.</b>
	The average monthly number of persons (excluding Governors) employed by the charitable company during the year was:		
	Research and administration	15	14
		<hr/>	<hr/>
		<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Staff costs for the above persons:		
	Wages and salaries	680,058	611,026
	Social security costs	77,013	69,895
	Other pension costs	98,995	116,655
		<hr/>	<hr/>
		856,066	797,576
		<hr/>	<hr/>
	The number of employees whose emoluments amounted to more than £60,000 in the year in increasing bands of £10,000 were:	<b>2014</b>	<b>2013</b>
		<b>No.</b>	<b>No.</b>
	£70,001 to £80,000	-	1
	£90,001 to £100,000	2	1
	£130,001 to £140,000	-	1
	£180,001 to £190,000	1	-
		<hr/>	<hr/>

During the year pension contributions for the above employees amounted to £65,920 (2013: £52,878).

No amounts were paid or expenses reimbursed to the members of the board of Governors during the year (2013: £nil).

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

5 ALLOCATION OF SUPPORT COSTS AND OVERHEADS

Cost of charitable activities 2014	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total 2014 £
Publishing costs	52,731	-	510,939	76,107	639,777
Summer Programme costs	22,573	-	136,477	76,107	235,157
Yale Undergraduate courses	22,573	-	72,995	76,107	171,675
Fellowships and grants	618,523	39,938	634,276	456,642	1,749,379
Pevsner costs	-	-	246,593	76,107	322,700
	<u>716,400</u>	<u>39,938</u>	<u>1,601,280</u>	<u>761,070</u>	<u>3,118,688</u>

Governance costs 2014

Governance costs	139,666	-	48,316	-	187,982
	<u>139,666</u>	<u>-</u>	<u>48,316</u>	<u>-</u>	<u>187,982</u>
Total costs 2014	<u>856,066</u>	<u>39,938</u>	<u>1,649,596</u>	<u>761,070</u>	<u>3,306,670</u>

Cost of charitable activities 2013	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total 2013 £
Publishing costs	51,172	-	568,879	69,507	689,558
Summer Programme costs	11,516	-	107,516	69,507	188,539
Yale Undergraduate courses	11,516	-	88,012	69,507	169,035
Fellowships and grants	589,934	27,708	440,622	417,038	1,475,302
Pevsner costs	-	-	94,244	69,507	163,751
	<u>664,138</u>	<u>27,708</u>	<u>1,299,273</u>	<u>695,066</u>	<u>2,686,185</u>

Governance costs 2013

Governance costs	133,438	-	38,321	-	171,759
	<u>133,438</u>	<u>-</u>	<u>38,321</u>	<u>-</u>	<u>171,759</u>
Total costs 2013	<u>797,576</u>	<u>27,708</u>	<u>1,337,594</u>	<u>695,066</u>	<u>2,857,944</u>

This year the Charity has taken steps to allocate staff costs against income streams on a more accurate basis.

6 GOVERNANCE COSTS

	2014 £	2013 £
Audit and accountancy fees	15,478	14,693
Legal and professional fees	32,838	23,628
Salary costs	139,666	133,438
	<u>187,982</u>	<u>171,759</u>



The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

7	SUPPORT COSTS	2014 £	2013 £
	Operating costs:		
	Postage	6,770	9,441
	Telephone and fax	6,429	6,048
	Insurance	28,294	27,173
	Stationery and photocopying	9,956	14,817
	Kitchen supplies	6,049	5,354
	Light and power	10,878	8,158
	Heating	4,411	5,917
	Cleaning	19,213	18,875
	Private healthcare	24,323	21,266
	Computer costs	56,453	43,832
	Digital strategy project	6,720	-
	Temporary staff	8,263	5,117
	Recruitment costs	-	9,553
		<u>187,759</u>	<u>175,551</u>
	Accommodation costs:		
	Rent	162,500	162,500
	Rates	13,966	13,998
	Repairs and maintenance	20,503	31,240
	Expansion	38,439	-
		<u>235,408</u>	<u>207,738</u>
	Other expenses:		
	Entertaining	14,501	19,197
	Travel	29,839	28,358
	Library and subscriptions	30,101	26,916
	Archives	38,679	34,132
	Academic activities	209,845	177,295
	Directors' research	858	971
	Miscellaneous	1,490	15,558
	Bank charges	846	374
	Administration of grants	5,825	5,170
	Training	5,919	3,806
		<u>337,903</u>	<u>311,777</u>
	Total support costs	<u>761,070</u>	<u>695,066</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

8	GRANTS PAYABLE	2014 £	2013 £
	Fellowships and grants payable to institutions	354,766	288,524
	Fellowships and grants payable to individuals	280,639	289,903
	Grants cancelled/written back in the year	(3,129)	(137,805)
		<u>632,276</u>	<u>440,622</u>

60 grants and fellowships were awarded to individuals in the year ended 30 June 2014 (2013: 68) and 46 grants and fellowships were awarded to institutions (2013: 38).

Institutional grants were awarded as follows:

Institution	No. of grants awarded	Awarded in the year £
Ashmolean Museum (paid over 2 years)	1	10,000
Ben Uri Gallery, London Jewish Museum of Art	1	3,000
British Library (paid over 2 years)	1	20,000
Buckinghamshire New University	1	2,000
Central St Martins College of Art and Design	1	3,000
Cheltenham Art Gallery and Museum (paid over 2 years)	1	18,000
Corpus Vitrearum Medii Aevi	1	3,500
Fitzwilliam Museum	1	4,000
Harvey Miller Publishers	1	4,000
Holburne Museum, Bath	1	3,000
Huntington Library Press	1	7,000
Institute of Contemporary Arts	2	5,000
Leamington Spa Art Gallery and Museum (paid over 2 years)	1	21,000
Leeds Art Fund	1	2,000
London Parks and Gardens Trust	1	2,500
Lund Humphries Publishers	1	2,000
Manchester University Press	1	1,200
Modern Art Press	1	4,000
National Gallery, London	1	1,100
Parthian Books	1	6,400
Paul Holberton Publishing	1	2,500
Pontifical Institute for Medieval	1	6,000
Public Monuments and Sculpture Association	1	5,000
Royal Academy of Arts	1	10,000
Royal Birmingham Society of Artists	1	4,564
Royal Pavilion & Museum	1	5,000
Royal West of England Academy	1	1,080
Russell-Cotes Art Gallery & Museum (paid over 3 years)	1	30,000
Seraphim Press Ltd	1	4,000
Spire Books	1	3,000
St Mary's University College	1	1,582
Strawberry Hill Trust	1	19,500
Tate Britain	2	12,000
The Stephen Lawrence Gallery (paid over 2 years)	1	9,885
Carried forward to page 17	<u>36</u>	<u>236,811</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

Institutional grants were awarded as follows:

Institution	No. of grants awarded	Awarded in the year £
Brought forward from page 16	36	236,811
Twentieth Century Society	1	2,500
UCL Art Museum, University College London (paid over 3 years)	1	30,000
University of California (paid over 3 years)	1	15,000
University of Leeds	1	1,455
Victoria and Albert Museum (paid over 3 years)	1	30,000
Wallace Collection	1	5,000
Watts Gallery (paid over 2 years)	2	25,000
Whitechapel Gallery	1	6,000
William Shipley Group	1	3,000
	<u>46</u>	<u>354,766</u>

Individual grants were awarded as follows:

Individual	No. of grants awarded	Awarded in the year £
Alexander Massouras	1	8,000
Alexandra Quantrill	1	2,500
Alison Fitzgerald	1	3,500
Allison Ksiazkiewicz	1	2,915
Allison Young	1	3,000
Ann Compton	1	32,000
Anne Bush	1	19,800
Antonio Bruculeri	1	2,400
Arlene Leis	1	8,000
Arnika Schimdt	1	8,000
Caitlin Silberman	1	1,000
Carla Mazzarelli	1	2,845
Caroline Arscott	1	32,000
Caroline McGee	1	660
Catherine Roach	1	2,500
Chloe Northrop	1	3,000
Christiane Hille	1	1,850
Clarisse Godard Desmarest	1	1,000
David Bindman	1	1,000
Diana Maltz	1	2,650
Douglas Fordham	1	12,000
Edward Juler	1	1,500
Carried forward to page 18	<u>22</u>	<u>152,120</u>

**The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2014**

Individual grants were awarded as follows:

Individual	No. of grants awarded	Awarded in the year £
Brought forward from page 17	22	152,120
Eleanor Chan	1	925
Elizabeth Darling	1	12,000
Gemma Romain	1	2,500
Gregory Salter	1	863
Heidi Strobel	1	1,800
Henry Miller (Birkbeck, University of London)	1	8,000
Henry Miller (University of Manchester)	1	1,500
Holly James-Maddocks	1	1,900
Holly Shaffer	1	7,500
Irene Sunwoo	1	2,500
Jasmine Kilburn-Toppin	1	8,000
John Cooper	1	1,000
Joy Sleeman	1	2,000
Julia Skelly	1	1,500
Kara Fiedorek	1	7,500
Katherine Wheeler	1	2,500
Keren Hammerschlag	1	2,000
Kimberley Skelton	1	1,000
Leo Damrosch	1	1,000
Louise Hughes	1	2,000
Lucy Peltz	1	4,000
Martin Myrone	1	12,000
Meaghan Whitehead	1	1,900
Michael Snodin	1	2,210
Michelle Wilkinson	1	3,000
Miriam Volmert	1	2,921
Olexandra Dovzhyk	1	870
Oliver Bradbury	1	2,500
Paul Dobraszczyk	1	1,500
Philip Cottrell	1	1,130
Rebecca Wade	1	1,500
Ronald Baxter	1	2,500
Rosemary Shirley	1	1,500
Sarah Hendriks	1	2,500
Sarah Thomas	1	8,000
Simon Pierse	1	2,500
Sylvie Simonds	1	8,000
Yat Ming Loo	1	2,000
	<u>60</u>	<u>280,639</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

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.

10	TANGIBLE FIXED ASSETS	<i>Fixtures and fittings £</i>	<i>Computer equipment £</i>	<i>Total £</i>
	Cost			
	1 July 2013	543,506	138,466	681,972
	Additions	1,379	32,498	33,877
	30 June 2014	544,885	170,964	725,849
	Depreciation			
	1 July 2013	437,797	129,916	567,713
	Charged in the year	24,441	15,497	39,938
	30 June 2014	462,238	145,413	607,651
	Net book value			
	30 June 2014	82,647	25,551	108,198
	30 June 2013	105,709	8,550	114,259
11	DEBTORS		2014 £	2013 £
	Other debtors		16,062	29,265
	Prepayments		126,660	77,698
	Accrued income		347,205	172,469
			489,927	279,432
12	CREDITORS: Amounts falling due within one year		2014 £	2013 £
	Grants awarded but not yet paid		450,481	406,203
	Trade creditors		137,479	80,583
	Other creditors		53,992	30,136
	Other taxation and social security costs		27,264	20,524
	Accruals and deferred income		145,844	27,393
			815,060	564,839
13	CREDITORS: Amounts falling due in more than one year		2014 £	2013 £
	Grants awarded but not yet paid		35,000	95,000

**The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**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, including death in service, and amounted to £98,995 (2013: £116,655).

**15 OTHER FINANCIAL COMMITMENTS**

	2014 £	2013 £
At 30 June 2014 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 2013 £	Incoming resources £	Outgoing resources £	At 30 June 2014 £
Unrestricted funds	1,694,542	3,698,713	(3,056,977)	2,336,278
Restricted funds:				
Barns Graham	-	2,000	(2,000)	-
Pevsner Programme	110,336	225,000	(247,693)	87,643
Total funds	1,804,878	3,925,713	(3,306,670)	2,423,921

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. Restricted funds relate to the following: the Pevsner Programme; and the Barns-Graham Research Support Grant.

**17 ANALYSIS OF NET ASSETS**

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Tangible fixed assets	-	108,198	108,198
Current assets	196,816	2,968,967	3,165,783
Current liabilities	(109,173)	(705,887)	(815,060)
Non-current liabilities	-	(35,000)	(35,000)
	87,643	2,336,278	2,423,921

**The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2014**

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**18 RELATED PARTY TRANSACTIONS**

During the year the charity received £3,686,227 (2013: £2,859,202) 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 £2,091 (2013: £15,599) in respect of sterling expenses incurred on behalf of Yale University.

During the year the charity received £225,893 (2013: £302,583) 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 £452,562 (2013: £364,574) to Yale University Press, a company in which R C Levin was a director until 1 July 2013, for book publishing costs.

**19 HERITAGE ASSETS NOT RECOGNISED IN THE BALANCE SHEET**

The Paul Mellon Centre maintains a collection of approximately 22,500 books and exhibition catalogues, 8,000 auction catalogues, 50 journal titles and 26 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 2014

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20. FOUR YEAR FINANCIAL SUMMARY OF HERITAGE ASSET TRANSACTIONS

There were no additions or disposals of heritage assets in the last four 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 five years.