

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 2018



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

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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 PRINCIPAL 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 PMC / the Centre) for the year ended 30 June 2018.

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 2017:

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 Centre 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

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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 its time freely and is not remunerated for its work. The Board sets the pay of the Centre's Director of Studies and this is reviewed by it periodically and the pay of the remaining members of the SMT is 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, workshops, 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 review the institution's activities and the various performance indicators we use to evaluate success. They also periodically undertake a process of institutional review, to systematically analyse all the different strands of the Centre's activities. A Strategic Review was carried out in 2017/2018 and a report summarising the results of the Review and the action points going forward will be produced by the Director of Studies in the summer of 2019.

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 fellowships support scholarship, academic research, and the dissemination of knowledge in the field of British art

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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 increased overall expenditure on its charitable activities, during the financial year ended 30 June 2018.

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. The Centre's publications programme offers a list of scholarly books that are produced to the highest art-historical, editorial and design standards, that enjoy an international reputation, and that are often the recipients of major scholarly prizes and awards.

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 2017-2018 the Centre awarded grants and fellowships totalling £754,700 (including £4,000 on behalf of The Andrew Wyld Fund) (2017: £580,980). Grants totalling £21,497 (2017: £2,000) were written back in the year.

In the Autumn 2017 round, 169 applications were received for the awards offered by the Centre; 61 of these were successful. 7 Curatorial Research Grants were awarded from a total of 22 applications in that category and 2 applications for Digital Project Grants were successful from a total of 10 applications received. A total of 72 Publication Grant applications were received of which 30 were successful. The smaller awards offered, Research Support Grants and Educational Programme Grants, received a total of 42 and 19 applications respectively of which 12 and 8 grants were made.

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 from 4 applications totalling £4,000.

The Spring 2018 round, which consists mainly of the six categories of Fellowship offered by the Centre, received 154 applications in total. 3 Senior Fellowships were awarded from a field of 9 applicants; 7 Mid-Career Fellowships were awarded from a total of 17 applicants; 11 Post-doctoral Fellowships from 34 applicants; and 8 Junior Fellowships from 13 applicants. The Rome Fellowship received a low number of 4 applicants with 1 applicant successful. The smaller awards of Research Support Grants and Educational Programme Grants received a total of 55 and 18 applications respectively of which 20 and 11 grants were made.

The new Terra-PMC Fellowship, sponsored by the Terra Foundation for American Art and administered by the Centre, was introduced in Spring 2018. This Fellowship saw a total of 4 applications with 1 applicant successful.

The Conservation Grant for the academic year 2017/2018 of £25,000 was awarded by the Director of Studies to Dulwich Picture Gallery for the Conservation Project of Peter Lely's Portrait of a Lady in Blue holding a Flower.

The Board of Governors at Yale University approves the proposed yearly expenditure for grants and fellowships but

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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 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: Places of the Mind: Landscape and Watercolour, held at the PMC and the British Museum; Black Music: its Circulation and Impact in Eighteenth-Century London, held at the PMC; Enlightened Princesses: Britain and Europe, 1700-1820, held at Kensington Palace, Hampton Court Palace and the Tower of London; Black Artists and Modernism, held at the PMC; AA XX 100 Conference- AA Women and Architecture in Context 1917-2017- International Conference, held at the PMC and Architects Association; Crossing the Channel: and French Refugee Artists in London (1870-1904), held at the PMC and Tate Britain.

The 2018 Bedford Square Festival doubled in scale, extending its aim to celebrate the arts, cultural and literary communities on Bedford Square, by hosting an expanded programme of collaborative events for the public. The festival engaged a large and diverse audience, inspiring creative and educational opportunities, with hugely positive feedback.

A major series of lectures, organised by Jeremy Deller and the PMC, and entitled The Look of Music, was held at the Barbican Centre and the Royal Academy in the early months of 2018, proved to be incredibly popular, with all four events selling out.

The Centre spent a total of £698,332 on its own print and digital publications. Among these were print publications of note such as: Penelope Curtis, *Sculpture: Vertical, Horizontal, Closed, Open*; Lynda Nead, *The Tiger in the Smoke: Art and Culture in Post-War Britain*; Kate Retford, *The Conversation Piece: Making Modern Art in Eighteenth-Century Britain*; Tara Hamling & Catherine Richardson, *A Day at Home in Early Modern England: Material Culture and Domestic Life, 1500-1700*; Philip Temple & Colin Thom, *Survey of London vols 51 & 52: South-East Marylebone*; Robin Simon, *The Royal Academy of Arts: History and Collections*, Jill Francis, *Gardens and Gardening in Early Modern England and Wales, 1560-1660*, and, John Holmes, *The Pre-Raphaelites and Science*.

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 26 Yale University undergraduates (24 students from New Haven and 2 from Yale-NUS in Singapore).

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The Centre's digital journal, *British Art Studies*, which is co-published with the Yale Center for British Art, continues to flourish having been visited by more than 87,000 unique users and having had over 280,000 page views since it was launched in November 2015.

The 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 architecture, continued to be very successful during the year attracting a significant number of attendees and receiving very positive feedback.

As the Centre's annual endowment is awarded in USD, the Centre has benefited 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 last financial year to invest in specific projects over the next few years.

Within the financial year, the final aspects of the Centre's Expansion Project were completed with the main bulk of expenditure related to this project having been recognised in previous years. During the year ended 30th June 2016, it was identified that further work needed to be carried out to the archive stores, to make them compliant with the relevant industry standards. The preparation and planning for this work continued during the year, but was slower than expected due to delays in the planning permission process. The aim is that this additional work will commence in the first half of 2019 and will be completed by the end of the year.

GOING CONCERN

As stated previously in this report, the bulk of the Centre's funds derives 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

Since the end of the financial year, the Centre has been granted planning permission for the work to the archive stores and it is hoped that work will commence by the summer of 2019 and be completed by the end of the year.

Much of the Centre's planning at the moment is focused on its programme for 2020, its fiftieth anniversary year. The year will see a series of international scholarly events taking place at the Centre, together with a raft of major print and digital publications. Future plans also include a strengthening of our commitment to the British Art Network (BAN), which we help manage in tandem with Tate, and the establishment of a new PMC/Graduate Summer School, the first iteration of which will take place in July 2019.

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.

At the year end, the unrestricted reserves are £6,578,113 (2017: £6,227,895). After removing reserves related to intangible and tangible fixed assets of £1,940,286 (2017: £1,926,494), there are free reserves of £4,637,827 (2017: £4,301,401). The level of annual expenditure will fluctuate year on year and the level of reserves is broadly in line with this.

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At the year end, reserves totalled £6,626,263 (2017: £6,348,888). A breakdown of reserves is given in note 18.

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 financial 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 also focus on non-financial areas where risks may occur such as fire safety, health & safety, emergency planning, IT, and Human Resources (HR). During the year existing policies, procedures and systems in these areas, were updated and enhanced and relevant training was arranged where necessary. Work also continued on reviewing and formalising the Centre's HR documentation and processes during the year. Staff training on the Centre's Emergency Recovery Plan (ERP) was carried out during the year and work commenced on the Centre's Business Continuity Plan.

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.

FUNDRAISING

The Centre doesn't currently carry out fundraising activities.

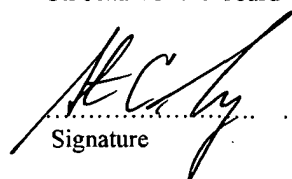
STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITOR

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 C. MURPHY
Print Name

Governor

25 February 2019

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

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 2018 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 2018 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, which includes the Directors' Report prepared for the purposes of company law, 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 the Directors' Report included within the 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.

Use of our 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 **28 February 2019**

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 2018

	<i>Notes</i>	2018 Restricted Funds £	2018 Unrestricted Funds £	2018 Total Funds £	2017 Total Funds £ (as restated)
INCOME FROM:					
<i>Donations and legacies</i>	3	123,000	3,933,612	4,056,612	4,346,745
<i>Other trading activities:</i>					
Publishing royalties		-	213,690	213,690	296,373
<i>Charitable activities:</i>					
Grant income		-	-	-	4,000
British Art Studies		30,000	-	30,000	30,000
Yale in London		-	201,554	201,554	212,987
<i>Investments</i>					
Bank interest receivable		-	18,787	18,787	29,885
TOTAL INCOME		<u>153,000</u>	<u>4,367,643</u>	<u>4,520,643</u>	<u>4,919,990</u>
EXPENDITURE ON:					
<i>Charitable activities:</i>					
Publishing – print and digital	6	-	698,332	698,332	666,932
Grants and fellowships	6	-	860,978	860,978	712,040
Academic activities	6	30,000	707,363	737,363	722,923
Yale in London	6	-	266,015	266,015	223,997
Research projects	6	40,730	795,257	835,987	521,874
Research collections	6	-	689,480	689,480	691,215
Pevsner programme	6	155,113	-	155,113	176,501
TOTAL EXPENDITURE		<u>225,843</u>	<u>4,017,425</u>	<u>4,243,268</u>	<u>3,715,482</u>
NET INCOME/(EXPENDITURE)	4	<u>(72,843)</u>	<u>350,218</u>	<u>277,375</u>	<u>1,204,508</u>
NET MOVEMENT IN FUNDS		<u>(72,843)</u>	<u>350,218</u>	<u>277,375</u>	<u>1,204,508</u>
TOTAL FUNDS BROUGHT FORWARD	18	<u>120,993</u>	<u>6,227,895</u>	<u>6,348,888</u>	<u>5,144,380</u>
TOTAL FUNDS CARRIED FORWARD		<u>48,150</u>	<u>6,578,113</u>	<u>6,626,263</u>	<u>6,348,888</u>

The notes on pages 14 to 32 form part of these financial statements.


The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
BALANCE SHEET
At 30 June 2018

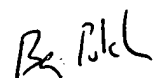
Registered Charity No: 313838
Company No: 983028

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	10	42,536	-
Tangible assets	11	1,897,750	1,926,494
		<u>1,940,286</u>	<u>1,926,494</u>
CURRENT ASSETS			
Debtors	12	370,739	338,462
Cash at bank and in hand		5,276,927	4,899,865
		<u>5,647,666</u>	<u>5,238,327</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(961,689)	(815,933)
NET CURRENT ASSETS		<u>4,685,977</u>	<u>4,422,394</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,626,263</u>	<u>6,348,888</u>
NET ASSETS		<u>6,626,263</u>	<u>6,348,888</u>
CAPITAL AND RESERVES			
Unrestricted funds	18	6,578,113	6,227,895
Restricted funds	18	48,150	120,993
		<u>6,626,263</u>	<u>6,348,888</u>

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 32 were approved by the Board of Governors and authorised for issue on 25 February 2019 and were signed on its behalf by


 Signature
 Governor
 Print Name STEPHEN C. MURPHY


 Signature
 Governor
 Print Name BENJAMIN POLAK

The notes on pages 14 to 32 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 2018

	<i>Notes</i>	2018 £	2017 £
OPERATING ACTIVITIES			
Cash generated from operations	17	483,543	1,462,457
NET CASH FROM OPERATING ACTIVITIES		<u>483,543</u>	<u>1,462,457</u>
INVESTING ACTIVITIES			
Interest received		18,787	29,885
Payments to acquire tangible fixed assets		(82,732)	(29,984)
Payments to acquire intangible fixed assets		(42,536)	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(106,481)</u>	<u>(99)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		377,062	1,462,358
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>4,899,865</u>	<u>3,437,507</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>5,276,927</u>	<u>4,899,865</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.

INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website Development	over 3 years
---------------------	--------------

TANGIBLE 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 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 2018, the charitable company had 4 members (2017: 4).

INCOME

Publishing royalties are accounted for on an accruals basis.

Income relating to Yale in London and Pevsner programmes is recognised in the year in which a programme is undertaken.

Donations and legacies 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, grants and fellowship costs, academic activity costs, educational programme costs, research projects and collections costs, and Pevsner programme costs, and includes 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 based on staff time spent on each charitable activity.

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.

GRANTS AND FELLOWSHIPS 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 14).

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 21 and 22.

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 grants and fellowships awarded but not paid as at 30 June 2018 was £429,580 (2017: £288,880).

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 2018 was £213,690 (2017: £296,373). The amount of accrued publication royalties at 30 June 2018 was £88,699 (2017: £119,548).

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

1 PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION OF INCOME AND EXPENDITURE

Classifications of income and expenditure

During the year the SMT undertook a review of the classifications of income and expenditure to better align these with the current activities of the charity. Whilst undertaking this exercise, the following errors were identified:

- Income received from Yale University meeting the definition of 'income from donations and legacies' totalling £4,345,136 in the prior year was classified as 'income from charitable activities' and 'income from other trading activities'. This has been corrected with this income now being classified as 'income from donations and legacies'.
- Income received in respect of the Summer programme and Yale under graduate courses, totalling £212,987 in the prior year, meeting the definition of 'income from charitable activities' was classified as 'income from other trading activities'. This has now been corrected with this income now being classified as 'income from charitable activities'.

Basis of allocation and apportionment

As part of the review of income and expenditure classifications, the SMT also revised the allocation of direct costs and apportionment of support costs to the new classifications of income and expenditure. It was agreed that support costs (including staff costs, depreciation and other support costs) should be allocated to charitable activities using the percentage of staff time spent on each charitable activity as this best reflects the indirect costs associated with each charitable activity. Previously multiple bases of apportionment were used depending on the type of indirect cost.

To ensure comparability all changes outlined above have been applied retrospectively and have resulted in a restatement of the comparative year figures. The impact of the above changes on the prior year Statement of Financial Activities and related notes is set out in the table below:

	2017 (as restated)		2017 (as previously stated)	
	New classification		Old classification	
<u>INCOME</u>	£		£	
Donations and legacies	Donations and legacies	1,609	Donations and legacies	1,609
	Special projects	560,000		
	Pevsner Programme	186,000		
	Expansion project	165,258		
	Income from endowment at Yale	2,554,064		
	Publication income	200,000		
	Grants and fellowships income	575,000		
	Reserve income	104,814		
		<u>4,346,745</u>		<u>1,609</u>
Other trading activities	Publishing royalties	296,373	Publishing royalties	296,373
			Summer Programme	113,000
			Yale Undergraduate Courses	99,987
			Pevsner Programme	186,000
		<u>296,373</u>		<u>695,360</u>
Charitable activities	British Arts Studies	30,000	Reserve income	104,814
	Yale in London	212,987	Endowment income	2,554,064
	Grant and fellowship income	4,000	Grants and fellowships income	579,000
			Publications income	230,000
			Expansion project	165,258
			Special projects	560,000
		<u>246,987</u>		<u>4,193,136</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

1 PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION OF INCOME AND EXPENDITURE
(continued)

	2017 (as restated)	2017 (as previously stated)
	New classification	Old classification
INCOME		
(continued)	£	£
Investment income	Bank interest 29,885	Bank interest 29,885
	4,919,990	4,919,990
EXPENDITURE		
Charitable activities	Publishing – print and digital 666,932	Publishing and printing costs 623,703
	Grants and fellowship 712,040	Summer Program costs 211,514
	Academic Activities 722,923	Yale Undergraduate courses 202,210
	Yale in London 223,997	Fellowships and grants payable 2,196,109
	Research Projects 521,874	Pevsner Program 273,211
	Research Collections 691,215	Expansion Project 208,735
	Pevsner Programme 176,501	
	3,715,482	3,715,482

2 COMPARATIVE YEAR INFORMATION – STATEMENT OF FINANCIAL ACTIVITIES

	2017 Restricted Funds £	2017 Unrestricted Funds £	2017 Total Funds £
INCOME FROM:			(as restated)
<i>Donations and legacies</i>	352,867	3,993,878	4,346,745
<i>Other trading activities:</i>			
Publishing Royalties	-	296,373	296,373
<i>Charitable activities:</i>			
Grant income	4,000	-	4,000
British Art Studies	30,000	-	30,000
Yale in London	-	212,987	212,987
<i>Investments</i>			
Bank interest receivable	-	29,885	29,885
TOTAL INCOME	386,867	4,533,123	4,919,990
EXPENDITURE ON:			
<i>Charitable activities:</i>			
Publishing – print and digital	4,935	661,997	666,932
Grants and fellowships	4,245	707,795	712,040
Academic activities	35,882	687,041	722,923
Yale in London	1,033	222,964	223,997
Research projects	43,698	478,176	521,874
Research collections	7,615	683,600	691,215
Pevsner programme	171,327	5,174	176,501
TOTAL EXPENDITURE	268,735	3,446,747	3,715,482
NET INCOME	118,132	1,086,376	1,204,508

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

3 DONATIONS AND LEGACIES

	2018 Restricted £	2018 Unrestricted £	2018 Total £	2017 Total £ (as restated)
Special projects	-	-	-	560,000
Pevsner programme	123,000	-	123,000	186,000
Expansion project	-	-	-	165,258
Income from endowment at Yale	-	2,750,088	2,750,088	2,554,064
Publication income	-	200,000	200,000	200,000
Grants and fellowships income	-	787,500	787,500	576,609
Reserve income	-	196,024	196,024	104,814
	<u>123,000</u>	<u>3,933,612</u>	<u>4,056,612</u>	<u>4,346,745</u>

4 NET INCOME/(EXPENDITURE)

	2018 £	2017 £
Net movement in funds is stated after charging:		
Operating lease rentals	296,900	296,990
Auditor's remuneration:		
Relating to current year:		
- audit services	9,750	10,000
- other services	9,150	6,000
Relating to prior year:		
- audit services	-	2,695
- other services	-	1,442
Depreciation of tangible fixed assets:		
- owned	111,476	118,616

Of the total income, £4,501,856 (2017: £4,884,496) was received from outside the United Kingdom.

5 EMPLOYEES

	2018 No.	2017 No.
The average monthly number of persons (excluding Governors) employed by the charitable company during the year was:		
Research and administration	25	24
	<u>2018</u>	<u>2017</u>
	£	£
Staff costs for the above persons:		
Wages and salaries	1,101,655	1,035,062
Social security costs	120,141	112,637
Pension costs	187,144	180,278
	<u>1,408,940</u>	<u>1,327,977</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

5 EMPLOYEES Continued

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:	2018 No.	2017 No.
£70,001 to £80,000	1	-
£80,001 to £90,000	1	2
£90,001 to £100,000	1	-
£180,001 to £190,000	-	1
£190,001 to £200,000	1	-

During the year pension contributions for the above employees amounted to £94,152 (2017: £74,356).

Directors received no remuneration for their work as Governors (2017: £nil).

No amounts were paid or expenses reimbursed to the Governors during the year (2017: £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 £537,758 (2017: £509,578) and Employer's National Insurance of £54,124 (2017: £51,033).

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

Charitable activities 2018	Direct staff costs £	Depreciation £	Other direct costs £	Support costs £	Total 2018 £
Publishing – print and digital	157,480	18,447	318,494	203,911	698,332
Grants and fellowships	57,915	5,839	732,677	64,547	860,978
Academies activities	252,575	24,883	184,846	275,059	737,363
Yale in London	37,077	4,844	170,549	53,545	266,015
Research projects	225,871	21,565	350,166	238,385	835,987
Research collections	193,689	35,699	65,474	394,618	689,480
Pevsner programme	3,262	199	149,452	2,200	155,113
	<u>927,869</u>	<u>111,476</u>	<u>1,971,658</u>	<u>1,232,265</u>	<u>4,243,268</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

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

Charitable activities 2017 (as restated)	Direct staff costs £	Depreciation £	Other direct costs £	Support costs £	Total 2017 £
Publishing – print and digital	133,100	19,627	309,996	204,209	666,932
Grants and fellowships	55,998	6,213	585,187	64,642	712,040
Academies activities	217,986	26,477	202,997	275,463	722,923
Yale in London	15,570	5,154	149,649	53,624	223,997
Research projects	222,789	22,947	37,403	238,735	521,874
Research collections	197,807	37,985	60,225	395,198	691,215
Pevsner programme	2,799	213	171,285	2,204	176,501
	<u>846,049</u>	<u>118,616</u>	<u>1,516,742</u>	<u>1,234,075</u>	<u>3,715,482</u>

7 SUPPORT COSTS

	2018 £	2017 £ (as restated)
Operating costs	73,392	82,650
Accommodation costs	382,839	378,610
Staff costs	442,763	450,911
Governance costs	68,824	29,745
Expansion project	7,721	17,750
Other expenses	256,726	274,409
Total support costs	<u>1,232,265</u>	<u>1,234,075</u>

8 GRANTS PAYABLE

	2018 £	2017 £
Grant and fellowships payable to institutions	276,918	271,000
Grants and fellowships payable to individuals	461,602	306,980
Other grants made in the year	12,180	-
Grants cancelled/written back in the year	(21,497)	(2,000)
Administration of grants	3,474	6,207
	<u>732,677</u>	<u>582,187</u>
Other grants paid on behalf of other bodies	4,000	3,000
	<u>736,677</u>	<u>585,187</u>

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

8 GRANTS PAYABLE - Continued

In the year ended 30 June 2018, 88 grants and fellowships were awarded to individuals (2017: 73) and 42 grants and fellowships were awarded to institutions (2017: 46).

Institutional grants were awarded as follows:

Institution	No. of grants awarded	Awarded in the year £
Amsterdam University Press	1	4,580
Association for Art History	1	850
Birkbeck, University of London	1	4,738
Blackburn Museum and Art Gallery	1	10,000
Dulwich Picture Gallery	1	25,000
Four Corners	1	15,000
Hamburger Kunsthalle	1	4,000
Impressions Gallery of Photography Ltd	1	3,000
Irish Georgian Society	1	1,500
Kunstmuseum Basel	1	2,000
Leeds Beckett University	1	800
Manchester Art Gallery	1	10,000
Manchester Metropolitan University	1	2,900
Museum of Classical Archaeology, University of Cambridge	1	2,400
Museums Sheffield	1	15,000
National Life Stories	1	36,000
National Portrait Gallery	1	2,000
Paul Holberton Publishing	1	2,000
Public Monuments and Sculpture Association	1	4,000
Quinnipiac University	1	15,000
The Art Libraries Society UK & Ireland	1	1,500
The Heong Gallery, University of Cambridge	1	1,700
The Hepworth Wakefield	2	6,500
The Holburne Museum	1	15,000
The Public Monuments and Sculpture Association	1	3,000
The Strawberry Hill Trust	1	5,000
Twentieth Century Society	1	1,000
UCL Art Museum	1	1,500
University of Birmingham	1	2,700
University of Edinburgh	1	700
University of Leeds	1	1,500
University of Minnesota	1	3,000
University of Nottingham	1	2,600
University of the Arts, London	1	200
University of York	2	40,500
Van Abbemuseum	1	3,000
Victoria & Albert Museum	1	750
Yale University Press	2	8,000
York Art Gallery, York Museums Trust	1	18,000
	42	276,918

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

8 GRANTS PAYABLE – Continued

Individual grants were awarded as follows:

Individual	No. of grants awarded	Awarded in the year £
Aaron White	1	2,000
Achim Timmermann	1	2,000
Aleksandr Bierig	1	7,500
Alexander Collins	1	8,000
Alexandra Kokoli	1	1,680
Alison Clarke	1	9,500
Alison Wright	1	600
Amanda Luyster	1	2,000
Anjalie Dalal-Clayton	1	8,000
Anthony Hamber	1	4,000
Arthur MacGregor	1	3,000
Avigail Moss	1	1,900
Brittany Luberdia	1	2,000
Carly Boxer	1	7,500
Carol Richardson	1	32,000
Charlotte Drew	1	8,000
Chloe Wigston Smith	1	12,000
Christine Olson	1	7,500
Christopher McGeorge	1	2,000
Corinne Silva	1	2,000
David Rundle	1	2,840
David Trigg	1	8,000
Deirdre Jackson	1	12,000
Dr. Katie Lloyd Thomas	1	12,000
Elizabeth McKellar	1	32,000
Emily Pegues	1	1,300
Erika Dupont	1	7,500
Francesco Ventrella	1	19,800
Freya Gowrley	1	8,000
Gemma Romain	1	12,000
Gemma Sharpe	1	2,000
Georgia Haseldine	1	2,000
Giulia Smith	1	8,000
Grace Aneiza Ali	1	1,900
Gregory Salter	1	1,619
Irit Katz	1	8,000
Jackson Davidow	1	7,500
Julia Sienkewicz	1	3,000
Juliet Carey	1	12,000
Kate Keohane	1	2,000
Kate Retford	1	2,000
Kelly Presutti	1	2,000
Ksenia Soboleva	1	2,000
Carried forward to page 24	43	292,639

The Paul Mellon Centre for Studies in British Art (Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

8 GRANTS PAYABLE – Continued

Individual grants were awarded as follows:

Individual	No. of grants awarded	Awarded in the year £
Brought forward from page 23	43	292,639
Laura Slater	1	2,000
Lobke Geurs	1	1,800
Lydia Miller	1	2,000
Margaret J. Schmitz	1	1,000
Maria Quinata	1	2,000
Marius Kwint	1	12,000
Matthew Reeve	1	2,500
Merlin Seller	1	8,000
Michal Goldschmidt	1	7,500
Moran Sheleg	1	8,000
Morna O'Neill	1	12,000
Nicholas Robbins	1	7,500
Pamela Guerdat	1	2,000
Pandora Syperek	1	788
Paul Willis	1	2,000
Polly Gould	1	2,180
Prof Tim Ayers	1	4,500
Rachel Warriner	1	2,000
Renate Dohmen	1	2,000
Robert Mills	1	2,035
Robert Wilkes	1	364
Roisin Astell	1	2,000
Salvatore Dellaria	1	7,500
Samuel Grinsell	1	1,900
Sara Honarmand Ebrahimi	1	1,400
Sarah Crellin	1	2,000
Sarah Grant	1	1,848
Serena Dyer	1	8,000
Sonja Drimmer	1	8,748
Sophie Hatchwell	1	1,100
Steven Parissien	1	3,000
Tim Clayton	1	32,000
Tom Nickson	1	1,400
Tyler Jo Smith	1	2,000
Veronica Bremer	1	900
Yuthika Sharma	1	8,000
Sarah Martin	1	3,000
	80	461,602

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8 GRANTS PAYABLE – Continued
Other grants were awarded as follows:

Individual	No. of grants awarded	Awarded in the year £
Emma Gregoline	1	1,536
Emilie Gossiaux	1	1,536
Felix Davey	1	1,536
Mallory Ahern	1	1,536
Pierre Von-Ow	1	1,536
Shweta Raghu	1	4,500
	<u>6</u>	<u>12,180</u>

Grants paid on behalf of other bodies:

Individual	No. of grants awarded	Awarded in the year £
Vincent Pham	1	2,000
Zalina Tetermazova	1	2,000
	<u>2</u>	<u>4,000</u>

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 INTANGIBLE FIXED ASSETS

	Website development costs £	Total £
Cost		
1 July 2017	-	-
Additions	42,536	42,536
30 June 2018	<u>42,536</u>	<u>42,536</u>
Amortisation		
1 July 2017	-	-
Charged in the year	-	-
30 June 2018	<u>-</u>	<u>-</u>
Net book value		
30 June 2018	<u>42,536</u>	<u>42,536</u>
30 June 2017	<u>-</u>	<u>-</u>

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11	TANGIBLE FIXED ASSETS	<i>Leasehold improvements</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
	Cost				
	1 July 2017	2,016,727	530,444	211,087	2,758,258
	Additions	54,850	22,709	5,173	82,732
	30 June 2018	2,071,577	553,153	216,260	2,840,990
	Depreciation				
	1 July 2017	144,897	488,915	197,952	831,764
	Charged in the year	85,166	14,416	11,894	111,476
	30 June 2018	230,063	503,331	209,846	943,240
	Net book value				
	30 June 2018	1,841,514	49,822	6,414	1,897,750
	30 June 2017	1,871,830	41,529	13,135	1,926,494
12	DEBTORS			2018 £	2017 £
	Other debtors			17,201	18,418
	Prepayments			184,696	199,496
	Accrued income			168,842	120,548
				370,739	338,462
13	CREDITORS: Amounts falling due within one year			2018 £	2017 £
	Grants awarded but not yet paid			429,580	288,880
	Trade creditors			205,347	88,154
	Other creditors			15,482	26,194
	Other taxation and social security costs			34,106	34,091
	Accruals and deferred income			277,174	378,614
				961,689	815,933

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13 CREDITORS: Amounts falling due within one year - Continued

DEFERRED INCOME	2018 £	2017 £
Deferred income at 1 July	78,395	75,254
Income deferred in the year	10,000	78,395
Amounts released from previous years	(78,395)	(75,254)
Deferred income at 30 June	<u>10,000</u>	<u>78,395</u>

Deferred income arises where the Centre receives income early, before the period it relates to. At the year end deferred income related to a publication not yet produced.

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 £187,143 (2017: £180,278). 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 £15,481 (2017: £15,485).

15 OTHER FINANCIAL COMMITMENTS

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

	2018 £	2017 £
Amounts due:		
Within one year	296,900	296,900
Between one and five years	1,187,600	1,187,600
After five years	4,923,592	5,220,492
	<u>6,408,092</u>	<u>6,704,992</u>

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16 FINANCIAL INSTRUMENTS

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

	2018 £	2017 £
Financial assets held at amortised cost:		
Accrued income	168,842	120,548
Other debtors	17,201	18,418
	<u>186,043</u>	<u>138,966</u>
	2018 £	2017 £
Financial liabilities held at amortised cost:		
Grants payable	429,580	288,880
Trade creditors	205,347	88,154
Other creditors	15,482	26,194
Accruals	267,174	300,219
	<u>917,583</u>	<u>703,447</u>

17 RECONCILIATION OF NET INCOME TO NET CASH GENERATED FROM OPERATIONS

	2018 £	2017 £
Net income	277,375	1,204,508
Adjustments for:		
Depreciation of tangible assets	111,476	118,616
Interest receivable	(18,787)	(29,885)
	<u>370,064</u>	<u>1,293,239</u>
Operating cash flows before movement in working capital		
(Increase) / decrease in debtors	(32,277)	24,197
Increase in creditors	145,756	145,021
	<u>483,543</u>	<u>1,462,457</u>
Cash generated from operations		

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18	MOVEMENT IN FUNDS	At 1 July 2017 £	Income £	Expenditure £	Transfers £	At 30 June 2018 £
	Unrestricted funds	6,227,895	4,367,643	(4,017,425)	-	6,578,113
	Restricted funds:					
	Pevsner Programme	52,858	123,000	(155,113)	-	20,745
	The Allen Fund	68,135	-	(40,730)	-	27,405
	British Art Studies	-	30,000	(30,000)	-	-
	Total restricted funds	120,993	153,000	(225,843)	-	48,150
	Total funds	6,348,888	4,520,643	(4,243,268)	-	6,626,263

MOVEMENT IN FUNDS – prior year

	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)	-	-
Country House Project	-	1,034	(1,034)	-	-
West Study Day	-	575	(575)	-	-
British Arts Studies	-	30,000	(30,000)	-	-
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

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 2017 £	Income £	Expenditure £	At 30 June 2018 £
Special projects fund	560,000	-	(215,732)	344,268

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18 MOVEMENT IN FUNDS (*continued*)

Due to the favourable US dollar to UK sterling exchange rate during the previous 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.

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

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

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.

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

In the current and subsequent years expansion costs are included within unrestricted support costs as they do not directly relate to a charitable activity.

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19 ANALYSIS OF NET ASSETS	Restricted Funds £	Unrestricted Funds £	Total Funds £
Current year			
Intangible fixed assets	-	42,536	42,536
Tangible fixed assets	-	1,897,750	1,897,750
Current assets	103,768	5,543,898	5,647,666
Current liabilities	(55,618)	(906,071)	(961,689)
	<u>48,150</u>	<u>6,578,113</u>	<u>6,626,263</u>

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Prior 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>

20 RELATED PARTY TRANSACTIONS

During the year the charity received income of £4,244,150 (2017: £4,346,745) 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 £38,080 (2017: £nil) 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 Yale University owed the charity £5,098 (2017: the charity owed Yale University £10,709) in respect of sterling expenses incurred on behalf of Yale University.

During the year the charity received £213,690 (2017: £296,373) 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 £291,726 (2017: £259,662) to Yale University Press for book publishing costs. Included in creditors is a balance of £58,870 (2017: £17,805) due to Yale University Press.

21 HERITAGE ASSETS NOT RECOGNISED IN THE BALANCE SHEET

The Paul Mellon Centre maintains a collection of approximately 32,000 books and exhibition catalogues, 8,600 auction catalogues, 250 journal titles and 35 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 Paul Mellon 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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21 HERITAGE ASSETS NOT RECOGNISED IN THE BALANCE SHEET (*continued*)

The Centre also holds two major photographic archive collections. The first was compiled by the Paul Mellon 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 Paul Mellon 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 Paul Mellon 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. Approximately a third of the 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.

Our aim is for all collections to be accessible as is practicably possible. However, there are periods where some parts of our collections are temporarily not available as they are off-site for necessary work such as cleaning or digitisation. In addition, we are also currently storing some of our collections off-site in preparation for forthcoming works to our archive storage areas. We are hopeful that the works to the archive stores will be completed in the summer of 2019 and that the majority of our collections will be back at the Centre by the end of 2019.

Preservation/Conservation and management

The Paul Mellon 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 Research Collections staff including the Librarian, who is responsible for the books and the Archivist & 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

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

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 2017-2018 the Centre acquired four library collections by donation and one archive collection.

22 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 13 archive collections and there were no disposals.

As of end of June 2018 the library collection was insured for the sum £2,502,500; the archive collections for £976,000; and the photographic archive collections for £250,000.