

Case 15

A collection of manuscript and printed maps mounted and cut as jigsaws, housed in a mahogany cabinet

This collection of manuscripts and printed maps was cut into jig-saws and stored in a contemporary mahogany cabinet. The applicant applied for a licence to export the collection of manuscripts and maps to the USA. The value shown on the export licence application was £100,000 which represented the purchase price in 2000 (£65,000) plus the cost incurred by the applicant of the publication of the book by Jill Shefrin entitled *Such Constant Affectionate Care: Lady Charlotte Finch – royal governess & the children of George III* (Los Angeles: Cotsen Occasional Press, 2003).

The Head of Map Collections at the British Library, acting as the Department's expert adviser, objected to the export of the manuscripts and printed maps under the first and third of the Waverley Criteria, because of its close connection with our history or national life, and its outstanding significance for the study of some particular branch of art, learning or history.

This case was previously considered by the Reviewing Committee in September 2000 (case 4 2000-2001) when the panel recommended deferral on the basis of the third Waverley criterion. The export licence application was subsequently withdrawn before our recommendation was submitted to the Minister.

New factors to be considered since 2000 were the valuation, which had risen from the original purchase price of £65,000 to £100,000; the British Library's acquisition, in the intervening period, of a set of Spilisbury dissected maps in the deal boxes intended for sale to the general public; and the publication of Jill Shefrin's book.

All of the maps acquired by the British Library post-dated the dissected maps in the Finch cabinet. Though they were a welcome addition to the national holdings of these important maps, which were hitherto to be found in only one British public collection, they were not considered by the expert adviser, in terms of research value, a substitute for those in the cabinet.

The expert adviser considered, however, that Jill Shefrin's book merited more serious consideration. It contained a certain amount of new information, particularly about the 'wooden maps' created in the late 1750s by Madame Le Prince de Beaumont, a French governess living in London who was an acquaintance of Lady Charlotte Finch. No surviving dissected maps could, however, be associated with Madame de Beaumont. Shefrin identified the bulk of the maps in the cabinet as ones, intentionally simplified for children, that had been created and published by Jean Palairet in the 1750s. She further linked Palairet not only with Madame de Beaumont but also with the royal court. The author tentatively suggested that Madame de Beaumont was the creator of the dissected map and hence of the jigsaw puzzle, but she admitted that 'there was no definitive evidence that Lady Charlotte did not independently come up with the idea' of the dissected map.

The book did not challenge the assumptions that the jigsaw puzzle originated in England and offered further evidence that Lady Charlotte's cabinet did indeed contain the earliest surviving examples of dissected maps (i.e. jigsaw puzzles) whether or not Lady Charlotte invented them.

The contents of the cabinet continued to have considerable research potential: even after Shefrin's researches, it was not clear whether the dissections of Palairret's maps were specially created for Lady Charlotte or whether they were the sole surviving examples of Le Prince de Beaumont's 'wooden maps'. Similarly, the relationship between Lady Charlotte and Spilsbury, testified to by the presence of early states of his maps of Ireland and Scotland in the cabinet, had not yet been resolved (Lady Charlotte eventually became the owner of later states of Spilsbury's maps which were now owned by the applicant, suggesting at the least her continuing interest in Spilsbury's work). The nature and sources of the other, printed and manuscript, dissected maps in the cabinet remained to be discovered and were likely to yield further information about the origins of dissected maps and thus of the jigsaw puzzle.

The book confirmed the important role played by Lady Charlotte Finch in the education of George III's children and, indirectly, the pioneering role that George and his wife, Queen Charlotte played, through their patronage of Lady Charlotte, in this aspect of educational theory.

The cabinet also bore witness to the importance attached by George III to geography as a distinctively royal accomplishment in the education of his children. These included two future kings, George IV and William IV. Not only were maps intended to inform them about the political divisions of the world and to frame their perceptions of it, but George also considered them to be essential aids in the proper execution of a ruler's duties. This was a principal motive behind the creation of his enormous geographical collections. The theories certainly made an impact on William IV and his older brother, Frederick, Duke of York. Their vehement, and partly successful, opposition to the alienation of their father's geographical collections in the 1820s, when George III's main library was presented to the British Museum, was primarily founded on their perception of the need for future monarchs to have independent access to maps as tools of government. These strongly held beliefs in the importance of maps can probably be traced back to the lessons taught from the maps contained in the cabinet.

The applicant considered that while Jill Shefrin's book had not exhausted the need for further study, it had made substantial progress in removing the 'haze' that surrounded the origins of the dissected map. It was therefore considered that the collection no longer met the third Waverley criterion.

We heard this case in April 2004 when the collection of manuscripts and printed maps cut into jig-saws was shown to us. We concluded that the collection met the third Waverley criterion but that it was necessary to obtain an independent valuation in order to establish a fair market price.

We subsequently learnt that the export licence application had been withdrawn before our recommendations were submitted.

Case 16

A painting by John Martin, *Joshua commanding the sun to stand still upon Gibeon*, 1816

The painting was oil on canvas and measured 150 x 231 cm. The subject was taken from the Old Testament at the moment Joshua successfully appeals to God to make time stand still, so that the Amorites who attacked Gibeon could be defeated. The applicant had applied for a licence to export the painting to an institution in the USA. The value shown on the export licence was £3,100,000, which represented what the applicant had taken as the sterling equivalent of offer price, \$5,200,000. The correct sterling equivalent for this figure on the date the sale was agreed was £3,128,384.

The Senior Curator at the Tate Collection, acting as the Department's expert adviser, objected to the export of the painting under the third Waverley criterion because of its outstanding significance for the study of art history. The painting was considered to be an extremely important early work that defined the path Martin was to follow with great success, emulating Turner as a serious painter of history subjects in the Grand style, and bringing sensationalism to a large cross section of the public.

John Martin was born in July 1789 near Haydon Bridge in Northumberland. In 1803 he was apprenticed to a coachbuilder in Newcastle where he learnt to paint family crests and other decorations on coaches. In 1806, having had some lessons in drawing and painting he travelled to London where he became a china painter. Largely self-taught he graduated to painting landscapes and historical subjects with his first Royal Academy exhibit in 1811 being a 'Landscape Composition' in oil. With his skill and success as a mezzotint engraver Martin acquired a reputation at home as well as in Europe. He continued painting and exhibiting large oils inspired by Biblical and Miltonic subject matter and from the 1820s up to the early 1850s he designed various schemes for improving London, including proposals for water supplies and sewage systems. Martin's final work, a triptych of large oils, *The Plains of Heaven*, *The Great Day of His Wrath* and *The Last Judgement* were finished just before his death in 1854 in the Isle of Man.

As a painter, engraver, inventor, designer, would-be town planner, and entrepreneur Martin was totally unlike any other regularly exhibiting British artist. In his time his work was often bracketed favourably with other seemingly 'great' British history painters of his day upon which future hopes for the creation of British School to rival that of Renaissance Italy rested, for example Benjamin Robert Haydon, and William Hilton. But Martin's achievements have outlived theirs.

With *Joshua commanding the sun to stand still upon Gibeon* (first exhibited at the Royal Academy, 1816) as its precursor, by the early 1820s Martin had established his artistic reputation in Britain with the exhibition of his large oil painting *Belshazzar's Feast* in London in 1821.

Grand Biblical subjects had been popular in British painting at the end of the eighteenth century. J. M. W. Turner invigorated the tradition and the spectacular meteorological effects in the present painting are clearly inspired by the latter's *Snow Storm: Hannibal and his Army Crossing the Alps*. It is commonplace among art historians to see a close similarity between the sky effects in Turner's painting exhibited in 1812 and those in John Martin's *Joshua* of four years later. But imitation of a great artist's particular visual effect by the young Martin tends to obscure a more thorough-going attempt on his part to emulate his

older contemporary as a serious painter of history subjects in the Grand Style.

In a number of respects – its relevance to contemporaneous historical events, its place in Martin's output, his deployment of the Sublime in his treatment of the subject and then the artist's unique skill through command of detail – compared with other history painters of the time – in reaching a very wide audience *Joshua commanding the sun to stand still upon Gibeon* could be considered a picture of outstanding significance. Apart from its alluding to an episode in Modern history *Joshua* was unashamedly sensational. This was no doubt what made it acceptable to the 'graphically untutored' as well as to the 'most cultivated' audience. It was rare in nineteenth century British art that such a defining line between two audiences for the fine arts could be so identified. Martin's first major success in 1816 not only confirmed for him the path to be followed to ensure fame but also in its own right continued to provide one important yardstick by which the broader state of the art world of the time could be measured.

The place of *Joshua* in the context of the British triumph at Waterloo was also considered. The aftermath of this battle and how the nation might best celebrate it engaged many minds though, curiously, the place of 'Joshua' in this context seems to have been overlooked. It was considered perfectly reasonable to see Martin complementing Turner's ambitions by referring instead to a biblical source (*Joshua*) as his way of commenting on Wellington's victory over Napoleon. After all, Joshua was a warrior whose military campaigns were chronicled in the Old Testament book of Joshua. In one detail it might even be possible to discern in Martin's depiction of the stormy sky inspired by Joshua's words (via Turner), an allusion to the thunder, storm and rain which struck the field of Waterloo the night before the Battle.

As with so much landscape art of the Romantic period Martin's work was hugely influenced by the eighteenth century aesthetic theory of the Sublime. An outstanding feature of *Joshua commanding...* is how closely Martin followed the ideas on the Sublime and the Terrible Sublime that were set out by Edmund Burke in his *A Philosophical Enquiry into the Origin of Our Ideas of the Sublime and Beautiful* first published in 1757. Martin chose a subject which pushed Burke's idea that 'night [is] more sublime and solemn than day' beyond its 'apparent simplicity' – by establishing it as an over-riding motif of sun and moon halted – a stupendous idea because it would have to be the Earth stopping for this to happen although it was not one broached by Burke in his *Enquiry*. Martin realised the subject on an appropriately large canvas. The landscape, in extent and in detail, is 'Vast' - characterized by the ruggedness and sharp angles associated with daunting terrain. In his use of tone and colour Martin conformed to Burke's categorisation of 'sad and fuscous colours, as black or brown' as 'productive of the Sublime'. The expert adviser considered that as part of the continuing assessment of this grand aesthetic theory and its reception by artists and public alike it was important that Martin's approach to it, methodical or formulaic though it seems, should secure a place in the survey of the period. It was considered *Joshua commanding the sun to stand still upon Gibeon* occupied a unique place in the extraordinary John Martin's output as well as in the development of historical landscape painting in Britain.

The applicant did not consider Martin to be an artist of prime importance in the history of British painting. His work in oil paintings was not commercially successful and he was forced to earn his living through the dissemination of his admittedly powerful imagery through mezzotint engravings. *Joshua commanding the sun to stand still upon Gibeon* was a comparatively early work of 1816 and did not show the full range of Martin's imaginative powers which were to develop over the following few years.

Furthermore, given the number of Martin's oil paintings already displayed in British public institutions it could not be argued that the presence or absence of a particular painting in the UK would have any influence on the study of his work.

We heard this case in March 2004 when the painting was shown to us. We concluded that the painting did not meet the Waverley criteria. We therefore recommended that an export licence should be issued.

Case 17

A painting by Richard Parkes Bonington, *French Coast with Fishermen*

French Coast with Fishermen was a major oil painting by Bonington. It was of very fine quality and its condition was good. The applicant applied for a licence to export the painting to the USA. The value shown on the export licence was £2,117,500, which represented an agreed sale price.

The Director of the National Gallery in Scotland, acting as the Department's expert adviser, objected to the export of the painting under the second and third Waverley criteria, because of its aesthetic importance and its outstanding significance for the study of British nineteenth-century landscape painting.

Despite a career cut tragically short by death at the age of 26, Bonington was considered one of the great masters of the English School in France. Born in Nottingham in 1802, he was brought to France through his father's decision to move in 1817 to St Pierre de Calais, where he established a lace factory. Around this time, with the restoration of the monarchy after the Napoleonic Wars, a large number of British artists travelled to France, seeking the patronage of the newly reinstated French aristocracy. At an early date Bonington was introduced to watercolour painting – then a novelty in France – by Louis Francia who had spent many years in England in the circle of Thomas Girtin. Bonington then trained in the studio of Baron Gros at the Ecole des Beaux-Arts, where he met Paul Huet. Gros encouraged his pupils to paint in the open air, a practice soon adopted by Bonington and his French contemporaries. In 1821 and 1824 he toured northern France in the company of Alexandre Colin, painting initially in watercolours, and later in oil. He exhibited four oils and one watercolour at the Salon of 1824, where British landscape artists, especially Constable, were much in evidence. Bonington is today recognised for the influence he exerted both on watercolour painting and on the development of plein-air painting in oils in France, and as an important forerunner of Impressionism.

The applicant's representative said that the painting was conceived and executed in Paris, where the artist was residing. Although acquired from Bonington by the Countess de Grey in 1826, it had remained in the possession of her descendants until now and, except for brief periods in the 1960s and in 2002 when it had been on temporary loan to the Tate Gallery, had enjoyed virtually no public exposure. Its history was virtually unknown until its present location was brought to light by Christie's in 1993 and its departure from the United Kingdom would scarcely be noticed.

Like any painting by this artist it was an important record of his genius. However the owner's representative argued that with fifty eight per cent of the artist's work in the United Kingdom and nearly a third in public collections, his attainment and his contribution to British painting could be amply studied

without this particular example.

We heard this case in April 2003, when the painting was shown to us. We concluded that the painting met the third Waverley criterion. We therefore recommended that a decision on the export licence application should be deferred for a period of two months to enable an offer to purchase to be made at the agreed fair market price of £2,117,500. We further recommended that if at the end of an initial deferral period, there was a potential purchaser who showed serious intention to raise funds with a view to making a purchase, the deferral period should be extended by a further three months.

During the initial deferral period, we were informed of a serious intention to purchase by the Tate. A decision on the export licence application was consequently deferred for a further three months. We were subsequently informed that the painting had been purchased by the Tate with support from the National Art Collections Fund, the Heritage Lottery Fund and Tate members.

Case 18

The archive of General Sir Eyre Coote (1762-1823)

The archive dated from the second half of the eighteenth to the first half of the nineteenth century and consisted of Coote's extensive sequences of letter books, order books, diaries and other correspondence and papers. The applicant had applied for a licence to export the archive to the USA. The value shown on the export licence of £350,000 represented the valuation obtained by the applicant.

The Head of Modern Historical Manuscripts at the British Library, acting as the Department's independent assessor, objected to the export of the archive under the third Waverley criterion because of its outstanding significance for the study of British military history of its period.

The papers were previously considered by the Reviewing Committee in February 1991 (case 221990-1991) when the panel recommended a deferral on the basis of the third Waverley criterion. The owner refused an offer to purchase from the National Army Museum and the export licence was refused.

The expert considered that the archive chronicled the most important events and campaigns of British military history at a period when these were of exceptional significance for national history. These covered the American War of Independence, in which Coote took part as a junior officer, his service in the West Indies, Egypt, the Low Countries, the Peninsular, south-east England during the French invasion alarms and in Ireland. The archive was one of the largest extant archives of a senior officer of the period and had been comparatively little used for research and publication. The extensive Irish material had an added value because the destruction in 1922 of the Irish public records concerning the British army there had made the private archives of serving officers such as this the major primary source of information. The applicant agreed that the archive met the third Waverley criterion on the basis of its historical importance.

We heard this case in April 2004 when a selection of the contents of the archive was shown to us. We concluded that the archive met the third Waverley criterion. However, we considered that more information on the value of the archive was necessary before we could recommend a fair matching price.

We recommended that the Department should seek a further valuation and the Secretary of State agreed to this. An independent valuation was consequently requested. It was subsequently agreed that £350,000 was a fair matching price.

We therefore recommended that a decision on the export licence application should be deferred for a period of two months to enable an offer to purchase to be made at the agreed fair market price of £350,000. We further recommended that if at the end of an initial deferral period, there was a potential purchaser who showed serious intention to raise funds with a view to making a purchase, the deferral period should be extended by a further three months.

Appendices

Appendix A

Terms of reference of the Reviewing Committee on the Export of Works of Art

The Committee was established in 1952, following the recommendations of the Waverley Committee in its Report in September of that year, and was directed:

- (i) to advise on the principles which should govern the control of export of works of art and antiques under the Import, Export and Customs Powers (Defence) Act 1939;
- (ii) to consider all the cases where refusal of an export licence for a work of art or antique is suggested on grounds of national importance;
- (iii) to advise in cases where a special Exchequer grant is needed towards the purchase of an object that would otherwise be exported;
- (iv) to supervise the operation of the export control system generally.

Appendix B

Composition of the Advisory Council on the Export of Works of Art

The Chairman of the Reviewing Committee is the Chairman of the Advisory Council and the membership is as follows:

- (i) the independent members of the Reviewing Committee ex officio;
- (ii) the departmental assessors on the Reviewing Committee (that is representatives of the Department for Culture, Media and Sport, Department of Trade and Industry, HM Treasury, Foreign and Commonwealth Office, HM Customs and Excise, Scottish Executive Department for Culture, National Assembly for Wales Department for Culture and Northern Ireland Department for Culture);
- (iii) the Directors of the English and Scottish national collections, the Scottish National Portrait Gallery, the Scottish National Gallery, The Scottish National Gallery of Modern Art, the National Museum of Wales and the Ulster Museum, the keepers of Art, Archaeology, Numismatics at National Museums and Galleries Wales, and the Librarians of the National Libraries of Wales and Scotland;
- (iv) the expert advisers to the Department for Culture, Media and Sport, to whom applications for export licences are referred, other than those who are members by virtue of (iii) above;
- (v) eight representatives of non-grant-aided museums and galleries in England, Scotland, Wales and -stitute of Library and Information Professionals); Canadian Cultural Property Export Review Board (observer status);
- (viii) representatives of the trade nominated by: Antiquarian Booksellers' Association (two); Antiquities Dealers' Association (two); Association of Art and Antique Dealers (two); Bonhams; British Antique Dealers' Association (three); British Art Market Federation; British Numismatic Trade Association (two); Christie's; Fine Art Trade Guild; Society of London Art Dealers (two); Sotheby's.

Appendix C

List of independent assessors who attended meetings during the year ended 30 June 2004

| | |
|--|-----------------|
| Professor Brian Allen, Paul Mellon Centre for Studies in British Art | Case 16 |
| Ms Vanessa Brett, Editor of the Silver Society Journal | Case 13 |
| Dr Hugh Brigstocke, Independent Scholar | Case 8 |
| Mr Neil Brown, The Science Museum | Case 9 |
| Dr Peter Cannon-Brookes, Independent Scholar | Case 8 |
| Mrs Mary Clapinson, former Keeper, The Bodleian Library | Case 1 |
| Dr Richard Cocke, University of East Anglia | Cases 7 and 8 |
| Mrs Elizabeth Conran, OBE, MA, FMA, former Curator, The Bowes Museum | Case 16 |
| Professor Stephen Conway, University College, London | Case 18 |
| Professor Sir Alan Cook FRS FRSE, former Master of Selwyn College, Cambridge | Cases 2 and 9 |
| Judy Egerton, Paul Mellon Centre for Studies in British Art | Case 3 |
| Dr Mark Evans, Victoria and Albert Museum | Case 11 |
| Mr Oliver Fairclough, National Museums & Galleries of Wales | Case 5 |
| Dr Irving Finkel, British Museum | Case 15 |
| Ms Philippa Glanville, Independent Silver Scholar | Case 13 |
| Mr Richard Gray, Compton Verney House Trust | Case 5 |
| Mr Colin Harrison, Ashmolean Museum | Case 6 |
| Professor Luke Herrmann, University of Leicester | Case 16 |
| Mr Philip Hewat-Jaboor, antiques consultant | Case 12 |
| Professor John House, Courtauld Institute | Case 4 |
| Mr Clive Hurst, Bodleian Library | Case 15 |
| Dr Norman James, The National Archives, Historical Manuscripts Commission | Case 18 |
| Mr Simon Jervis, Freelance Art Historian | Cases 5 and 12 |
| Nicola Kalinsky, Scottish National Portrait Gallery | Case 3 |
| Dr Christopher Kitching, Historical Manuscripts Commission | Case 2 |
| Julia Lloyd-Williams, Independent Art Historian | Case 11 |
| Dr Arthur MacGregor, Ashmolean Museum | Case 1 |
| Dr Jean Michel Massing, University of Cambridge | Cases 11 and 14 |
| Mr Patrick Matthiesen, Matthiessen Fine Art Ltd | Case 6 |

| | |
|---|----------------|
| Phillip Mould, Director, Historical Portraits | Cases 3 and 10 |
| Mr Francis Norton, Director, S. J. Phillips Ltd | Case 13 |
| Dr Richard Olney, Historical Manuscripts Commission | Case 1 |
| Dr Martin Postle, Tate Collections | Case 10 |
| Mr Patrick Reyntiens, OBE, Master Designer and Fabricator of Architectural Leaded Glass | Case 14 |
| Dr Katy Scott, Courtauld Institute of Art | Case 6 |
| Professor Adrian Seville, Independent game historian | Case 15 |
| Ms Maryanne Stevens, Royal Academy of Arts | Cases 4 and 17 |
| The Hon. Georgina Stonor, Archivist | Case 14 |
| Dr Ann Sumner, National Museums and Galleries of Wales | Case 10 |
| Dr Denis Vaughan, Former Senior Curator, the Science Museum | Case 9 |
| Professor David Watkin, Peterhouse Cambridge | Case 12 |
| Mr Aidan Weston-Lewis, National Gallery of Scotland | Case 7 |
| Dr Catherine Whistler, Ashmolean Museum | Case 7 |
| Dr John Whiteley, Ashmolean Museum | Cases 4 and 17 |
| Mr John Wilson, Dealer in Historical Documents | Case 2 |
| Mr Stephen Wood, Freelance historian and researcher | Case 18 |

60 Appendix D
Items licensed for export after reference to expert advisers for advice as to national importance: 1 July 2003– 30 April 2004

| Category | Advising authority | No. of items | Total value (£) |
|---|---|--------------|-----------------|
| Arms and armour | Royal Armouries, HM Tower of London, Master of the Armouries | 7 | 6,785,450 |
| Books, maps etc | British Library, Keeper of Printed Books, Keeper of Printed Maps | 32 | 4,682,620 |
| Books (natural history) | British Museum (Natural History), Head of Library Services | 27 | 2,779,051 |
| Clocks and watches | British Museum, Keeper of Clocks and Watches | 8 | 1,111,089 |
| Coins and medals | British Museum, Keeper of Coins and Medals | 40 | 35,501 |
| Drawings: architectural, engineering and scientific | Victoria & Albert Museum, Curator of the Prints, Drawings and Paintings Collection | 19 | 3,520,650 |
| Drawings, prints, water-colours | British Museum, Keeper of Prints and Drawings | 508 | 51,235,479 |
| Egyptian antiquities | British Museum, Keeper of Egyptian Antiquities | 25 | 4,180,336 |
| Ethnography | British Museum, Keeper of Ethnography (Museum of Mankind) | 6 | 907,473 |
| Furniture and woodwork | Victoria & Albert Museum, Curator of the Furniture and Woodwork Collection | 200 | 34,827,208 |
| Greek and Roman antiquities | British Museum, Keeper of Greek and Roman Antiquities | 47 | 11,919,703 |
| Indian furniture | Victoria & Albert Museum, Curator of the Indian and South-East Asian Department | 33 | 4,360,235 |
| Japanese antiquities | British Museum, Keeper of Japanese Antiquities | 0 | 0 |
| Manuscripts, documents and archives | British Library, Manuscripts Librarian | 1,688 | 90,246,673 |
| Maritime material, including paintings | National Maritime Museum | 3 | 154,000 |
| Oriental antiquities (except Japanese) | British Museum, Keeper of Oriental Antiquities | 26 | 4,607,637 |
| Oriental furniture | Victoria & Albert Museum, Keeper of Oriental Furniture | 14 | 2,534,879 |
| Paintings, British, modern | Tate Gallery, Keeper of the British Collection | 172 | 150,856,009 |
| Paintings, foreign | National Gallery, Director | 147 | 549,353,390 |
| Paintings, miniature | Victoria & Albert Museum, Curator of the Prints, Drawings and Paintings Collection | 0 | 0 |
| Paintings, portraits of British persons | National Portrait Gallery, Director | 68 | 29,181,102 |
| Photographs | National Museum of Photography, Film & Television, Head | 61 | 3,661,939 |
| Pottery | Victoria & Albert Museum, Curator of the Ceramics Collection | 29 | 4,277,401 |
| Prehistory & Europe (inc. Archaeological material & Medieval and later antiquities) | British Museum, Keeper of Prehistory & Europe | 4,078 | 2,792,276 |
| Scientific and mechanical material | Science Museum, Director | 1 | 75,000 |
| Sculpture | Victoria & Albert Museum, Curator of Sculpture | 35 | 16,076,643 |
| Silver and weapons, Scottish | Royal Museum of Scotland | 2 | 118,194 |
| Silver, metalwork and jewellery | Victoria & Albert Museum, Curator of the Metalwork, Silver and Jewellery Collection | 141 | 24,534,141 |
| Tapestries, carpets (and textiles) | Victoria & Albert Museum, Curator of the Textile, Furnishings and Dress Collection | 36 | 4,437,839 |
| Toys | Bethnal Green Museum of Childhood | 1 | 127,331 |
| Transport | Science Museum, Curator of Road Transport | 25 | 8,800,647 |
| Wallpaper | Victoria & Albert Museum, Curator of the Prints, Drawings and Paintings Collection | 1 | 250,000 |
| Western Asiatic antiquities | British Museum, Keeper of Western Asiatic Antiquities | 8 | 10,945,631 |
| Zoology (stuffed specimens) | British Museum (Natural History), Keeper of Zoology | 0 | 0 |
| Totals | | 7,488 | 1,029,375,526 |

The figures include items licensed for temporary export

Appendix E

Table I UK Exports and imports of works of art, collectors' pieces and antiques, 1999–2004

| | Paintings, drawings, etc | Other items | All items |
|----------------|--------------------------|--------------|--------------|
| | Value £(000) | Value £(000) | Value £(000) |
| Exports | | | |
| 2003-04 | 1,197,632 | 880,506 | 2,078,138 |
| 2002-03 | 1,264,593 | 959,667 | 2,224,260 |
| 2001-02 | 1,387,487 | 900,720 | 2,288,207 |
| 2000-01 | 1,315,290 | 992,101 | 2,307,391 |
| 1999–00 | 946,405 | 843,328 | 1,789,734 |
| Imports | | | |
| 2003-04 | 899,232 | 520,895 | 1,420,127 |
| 2002-03 | 1,202,992 | 596,219 | 1,799,211 |
| 2001-02 | 1,400,942 | 607,692 | 2,008,634 |
| 2000-01 | 1,395,092 | 564,514 | 1,959,606 |
| 1999–00 | 941,786 | 517,033 | 1,458,819 |

Table II Exports of works of art, collectors' pieces and antiques to destinations outside the EU, 2003–04

| | Paintings, drawings, etc | Other items | All items | % by country |
|--------------------------------------|--------------------------|----------------|------------------|--------------|
| | Value £(000) | Value £(000) | Value £(000) | |
| USA | 752,685 | 592,818 | 1,345,503 | 67.7 |
| Switzerland | 249,857 | 105,613 | 355,470 | 17.9 |
| Non-EU excluding USA and Switzerland | 124,335 | 162,054 | 286,389 | 14.4 |
| Total | 1,126,876 | 860,486 | 1,987,362 | 100.0 |

Compiled by Statistical Analysis Directorate, DTI from HM Customs & Excise data

Appendix F

Further reading

The Export of Works of Art etc. Report of a Committee appointed by the Chancellor of the Exchequer (HMSO, 1952)

Guidance to Exporters of Cultural Goods (Department of National Heritage, 1993)

UK Export Licensing for Cultural Goods: Procedures and Guidance for Exporters of Works of Art and other Cultural Goods (Department for Culture, Media and Sport, October 2004)

Export Control Act 2002

Export of Objects of Cultural Interest (Control) Order 2003 (SI 2003 No. 2759)

Open General Export Licence (Objects of Cultural Interest) dated 1 May 2004

Council Regulation (EEC) No 3911/92 of 9 December 1992 on the export of cultural goods (as amended)

Quinquennial Review of the Reviewing Committee on the Export of Works of Art dated December 2003 (Department for Culture, Media and Sport, 2003)

Goodison Review – Securing the Best for our Museums: Private Giving and Government Support (HM Treasury, January 2004)

Appendix G

Applications considered and deferred on the recommendation of Reviewing Committee on the Export of Works of Art: 1995–2004

| Year | Number of items placed under deferral granted a permanent export licence | Value of items placed under deferral granted a permanent export licence (£) | Number of items purchased | Total amount spent on items purchased (£) | Number of items placed under deferral supported by HLF/NHMF | Support by HLF/NHMF (£) | Number of items placed under deferral supported by NACF | Support by NACF (£) | Number of items placed under deferral supported by MLA/V&A Fund | Support by MLA/V&A Fund (£) |
|----------------------|--|---|---------------------------|---|---|-------------------------|---|---------------------|---|-----------------------------|
| Jan-Jun 1995 | 7 | 3,226,920 | 6 | 6,102,875 | 2 | 186,360 | 4 | 129,000 | 1 | 22,000 |
| 1995-96 | 10 | 22,287,294 | 10 | 3,898,817 | 8 | 2,653,209 | 8 | 329,205 | 3 | 57,200 |
| 1996-97 | 13 | 22,731,737 | 10 | 1,120,722 | 7 | 461,100 | 7 | 144,079 | 1 | 4,981 |
| 1997-98 | 7 | 18,896,762 | 7 | 4,125,200 | 3 | 1,180,633 ¹ | 5 | 376,500 | 2 | 54,500 |
| 1998-99 | 8 | 21,009,066 | 8 ² | 2,369,631 | 3 | 560,000 | 5 | 117,320 | 3 | 58,000 |
| 1999-2000 | 3 | 5,024,833 | 6 | 491,027 | 2 | 140,100 | 3 | 131,500 | 2 | 42,290 |
| 2000-01 | 7 | 12,367,972 | 23 ³ | 3,168,087 | 6 | 1,780,630 ⁴ | 7 | 690,7014 | 2 | 5,012 |
| 2001-02 | 5 ⁵ | 11,436,169 | 21 | 2,956,601 | 17 | 1,609,925 | 15 | 568,517 | 3 | 78,000 |
| 2002-03 | 9 | 23,191,548 | 12 | 26,173,106 | 7 | 14,283,115 | 9 | 905,184 | 1 | 30,000 |
| July 2003-April 2004 | 1 | 600,000 | 7 | 5,924,310 | 2 | 880,416 | 3 | 179,000 | 1 | 40,000 |

¹ A grant of £12,000 was also made for conservation work

² Including a Roman gold finger-ring, valued at £2,352.50, which was donated by the owner to the British Museum

³ Including a series of 13 related finds

⁴ Offers of grants were made for a further two items by the NHMF and the NACF. In both cases, the licence applications were withdrawn

⁵ A licence was issued for a further item, but it was subsequently sold to a UK institution

| Year | Item | Purchaser | Price (£) | Support by HLF/NHMF (£) | Support by NACF (£) | Support by Resource/V&A Fund (£) |
|---------------|---|---|--------------|-------------------------|---------------------|----------------------------------|
| Jan-June 1995 | A George III giltwood table, by Sir William Chambers, 1774-75 | Samuel Courtauld Trust | 95,160 | (NHMF) 21,698 | 25,000 | 22,000 |
| Jan-June 1995 | A painting, <i>La Lecture de Molière</i> , by Jean-François de Troy, c.1730 | Anonymous UK buyer | 4,497,672 | 0 | 0 | 0 |
| Jan-June 1995 | An Egyptian lintel from a temple, c.1875 BC | British Museum | 109,042.50 | 0 | 24,000 | 0 |
| Jan-June 1995 | A painting, <i>A Repentant Sinner Turning Away from Temptation</i> , by Johann Liss | Pyms Gallery | 1,007,512.50 | 0 | 0 | 0 |
| Jan-June 1995 | A painting, <i>Judith with the Head of Holofernes</i> , Lucas Cranach the Elder, 1530 | Burrell Collection | 314,662.50 | (HLF) 164,662 | 50,000 | 0 |
| Jan-June 1995 | A court dress or mantua, c.1755 | Historic Royal Palaces Agency | 78,826 | 0 | 30,000 | 0 |
| 1995-96 | A Celtic strap-union from a chariot horse harness, first century AD | King's Lynn Museum | 2,940.63 | 0 | 0 | 0 |
| 1995-96 | Three letter-books and a diary of Sir William Boothby | British Library | 32,500 | 0 | 0 | 0 |
| 1995-96 | A collection of architectural drawings for Trentham Hall signed or annotated by Sir Charles Barry and others, 1834-1914 | Stoke-on-Trent City Art Gallery and Museum | 75,820 | (NHMF) 11,465 | 18,955 | 27,600 |
| 1995-96 | A lady's secretaire, by Thomas Chippendale | National Trust | 512,887.50 | (NHMF) 261,500 | 75,000 | 0 |
| 1995-96 | A painting, <i>Erminia Finding the Wounded Tancred</i> , by Guercino | National Galleries of Scotland | 2,043,096 | (HLF) 1,532,322 | 100,000 | 0 |
| 1995-96 | A pair of French Empire mahogany armchairs by the Parisian firm Jacob-Desmalter, c.1803-13 | Victoria & Albert Museum/National Museums and Galleries on Merseyside | 250,350 | (NHMF) 150,350 | 50,000 | 0 |

| Year | Item | Purchaser | Price (£) | Support by HLF/NHMF (£) | Support by NACF (£) | Support by Resource/V&A Fund (£) |
|---------|---|--|------------|----------------------------|---------------------|----------------------------------|
| 1995-96 | A Louis XVI painted and gilt bed by Jean-Baptiste II Tiliard | Leeds Museums and Galleries | 82,222.50 | (NHMF) 37,222 | 15,000 | 20,000 |
| 1995-96 | An 'ideal' female bust, by Antonio Canova, 1817 | Ashmolean Museum | 746,000 | (HLF) 560,000 | 50,000 | 0 |
| 1995-96 | An Anglo-Saxon glass claw beaker, c. late sixth/early seventh century | Maidstone Museum and Art Gallery | 25,000 | (NHMF) 4,350 | 4,250 | 9,600 |
| 1995-96 | A marble bust of Henry Fuseli, by Edward Hodges Baily, 1824 | National Portrait Gallery | 128,000 | (HLF) 96,000 | 16,000 | 0 |
| 1996-97 | A daguerreotype portrait of Sir John F W Herschel, c.1848 | National Portrait Gallery | 27,053.75 | 0 | 8,000 | 0 |
| 1996-97 | Three photographic negatives and one positive by William Henry Fox Talbot, 1833 | National Museum of Photography Film and Television | 28,000 | (HLF) 21,000 | 10,000 ⁶ | 0 |
| 1996-97 | A bronze modified andiron surmounted by a figure of Jupiter, attributed to Roccatagliata, late sixteenth to early seventeenth century | National Galleries of Scotland | 77,752.50 | (HLF) 58,300 | 11,700 | 0 |
| 1996-97 | A gold box with panels by G M Moser, c.1760 | National Museums of Scotland | 314,171.15 | (NHMF) 225,000 | 30,000 | 0 |
| 1996-97 | A Neolithic stone ball from Scotland | Aberdeen Art Gallery | 8,000 | (HLF) 6,400 | 0 | 0 |
| 1996-97 | A painting, <i>Cup of Water and a Rose on a Silver Plate</i> , by Francisco de Zurbaràn | National Gallery | 305,997.10 | 0 | 0 | 0 |
| 1996-97 | An early seventeenth-century revolving gold signet ring | Castle Museum, Norwich | 21,172.50 | (HLF) 13,700 | 0 | 4,981 |
| 1996-97 | A painting, <i>Eine Kleine Nachtmusik</i> , by Dorothea Tanning, 1943 | Tate Gallery | 156,250 | 0 | 59,379 | 0 |
| 1996-97 | A large naval gold medal and two stars of the Order of the Bath presented to Sir William Carnegie, Earl of Northesk | Scottish United Services Museum | 107,925 | (HLF) 136,700 ⁷ | 25,000 ⁷ | 0 |

⁶ These grants were made towards the purchase of a portfolio of eight items for £51,600, which contained these four items

⁷ These figures also included a contribution towards the sword presented by the City of London.

| Year | Item | Purchaser | Price (£) | Support by HLF/NHMF (£) | Support by NACF (£) | Support by Resource/V&A Fund (£) |
|---------|--|--|--------------|--|---------------------|----------------------------------|
| 1996-97 | A sword presented by the City of London to Sir William Carnegie, Earl of Northesk | Scottish United Services Museum | 74,400 | } | } | 0 |
| 1997-98 | A drawing, <i>Antonio Canova in His Studio</i> , by Hugh Douglas Hamilton | Victoria & Albert Museum | 525,400 | 0 | 262,700 | 0 |
| 1997-98 | A silver eggcup frame and eggcups, by Peter Archambo | National Trust | 120,000 | 0 | 35,000 | 35,000 |
| 1997-98 | A painting, <i>Girl with a Tambourine</i> , by Jusepe de Ribera, 1637 | Anonymous UK buyer | 1,845,637.50 | 0 | 0 | 0 |
| 1997-98 | A chair designed by Charles Rennie Mackintosh for Houshill, 1904 | Hunterian Museum and Art Gallery | 140,000 | (HLF) 70,000 | 35,000 | 0 |
| 1997-98 | The <i>Warwick Shakespeare deed</i> , 1602 | Shakespeare Birthplace Trust | 135,862.50 | (HLF) 101,900 | 0 | 19,500 |
| 1997-98 | A medieval bronze purse, c.1450 | British Museum | 15,300 | 0 | 4,300 | 0 |
| 1997-98 | A painting, <i>Nearing Camp on the Upper Colorado River</i> , by Thomas Moran, 1882 | Bolton Museum, Art Gallery and Aquarium | 1,343,000 | (HLF) 1,008,733 (plus 12,000 for conservation) | 39,500 | 0 |
| 1998-99 | A first-century AD bronze harness-mount | Corinium Museum | 4,000 | 0 | 1,000 | 2,000 |
| 1998-99 | Three paintings: <i>Mr William Brooke</i> , <i>Mr William Pigot</i> , and <i>Mrs William Pigot</i> , by Joseph Wright of Derby, c.1760 | Doncaster Museum and Art Gallery | 215,000 | (HLF) 161,000 | 13,000 | 26,000 |
| 1998-99 | A gilt-bronze figure of Saint John the Evangelist, c.1180 | Ipswich Borough Council and St Edmundsbury Borough Council | 95,000 | (HLF) 70,000 | 15,000 | 0 |
| 1998-99 | A lady's secretaire by Thomas Chippendale, 1773 | Leeds Museums and Galleries for Temple Newsam House | 650,000 | (HLF) 329,000 | 70,000 | 0 |
| 1998-99 | A Charles II two-handed silver porringer and cover, c.1660, attributed to the workshop of Christian van Vianen | Fitzwilliam Museum | 73,282.50 | 0 | 18,320 | 30,000 |

| Year | Item | Purchaser | Price (£) | Support by HLF/NHMF (£) | Support by NACF (£) | Support by Resource/V&A Fund (£) |
|---------|---|---------------------------------|--------------|-------------------------|---------------------|----------------------------------|
| 1998-99 | A painting, <i>Le Ruisseau</i> , by Paul Gauguin, 1885 | Anonymous UK buyer | 1,200,000 | 0 | 0 | 0 |
| 1998-99 | A painting, <i>Collage (Jan 27 1933)</i> , by Ben Nicholson | Tate Gallery | 129,995.63 | 0 | 0 | 0 |
| 1999-00 | A manuscript, <i>the Swan Roll</i> , c.1500 | Norfolk Record Office | 34,870 | 0 | 0 | 17,290 |
| 1999-00 | A Romano-British pottery vessel, AD 200-250 | British Museum | 3,850 | 0 | 0 | 0 |
| 1999-00 | An Anglo-Saxon silver gilt and niello mount from a sword scabbard | British Museum | 9,000 | 0 | 4,500 | 0 |
| 1999-00 | An English hand-knotted carpet, c.1600 | Burrell Collection | 297,969.56 | (HLF) 102,500 | 75,000 | 0 |
| 1999-00 | A George III period metal mounted and stained beech model of a <i>Carronade</i> , a type of gun-howitzer, 1779 | Falkirk Council Museum Services | 43,000 | (HLF) 37,600 | 0 | 0 |
| 1999-00 | A pastel portrait, <i>One of the Porters of the Royal Academy</i> , by John Russell RA (1745-1806) | Samuel Courtauld Trust | 102,337.50 | 0 | 52,000 | 25,000 |
| 2000-01 | Archival papers of Sir James Mackintosh (1765-1832) | British Library | 115,000 | 0 | 0 | 0 |
| 2000-01 | A parcel-gilt reliquary figure of Saint Sebastian, dated 1497 | Victoria & Albert Museum | 1,455,536.27 | (NHMF) 1,111,530 | 282,947 | 0 |
| 2000-01 | A Roman agate intaglio engraved with the bust of Octavian as Mercurius, known as the Ionides Octavian Gem, 35-25 BC | British Museum | 240,914.09 | 0 | 96,000 | 0 |
| 2000-01 | A German armorial travelling desk, dated 1683 | Victoria & Albert Museum | 120,719.17 | (NHMF) 58,400 | 34,247 | 0 |
| 2000-01 | A George II mahogany hall chair made for Richard Boyle, third Earl of Burlington, c.1730 | English Heritage | 169,093.75 | (NHMF) 85,000 | 45,000 | 0 |

| Year | Item | Purchaser | Price (£) | Support by HLF/NHMF (£) | Support by NACF (£) | Support by Resource/V&A Fund (£) |
|---------|---|--|------------|-------------------------|---------------------|----------------------------------|
| 2000-01 | A series of letters by George Eliot (1819-80) | British Library | 17,918.75 | 0 | 0 | 0 |
| 2000-01 | The personal archive of Charles Francis Annesley Voysey (1857-1941) | Royal Institute of British Architects | 25,000 | (HLF) 18,700 | 0 | 3,550 |
| 2000-01 | Middle Bronze Age palstave axe heads from the Marnhull hoard, Dorset, 1400-1250 BC | Dorset County Museum | 3,215 | 0 | 0 | 1,462 |
| 2000-01 | An Egyptian limestone relief, c.1295-1069 BC | British Museum | 82,507 | 0 | 82,507 | 0 |
| 2000-01 | A Roman marble statue of a Molossian hound, called <i>The Dog of Alcibiades</i> , 2nd century AD | British Museum | 679,683.14 | (HLF) 362,000 | 100,000 | 0 |
| 2000-01 | Three English fifteenth-century wooden figures | Victoria & Albert Museum | 258,500 | (HLF) 145,000 | 50,000 | 0 |
| 2001-02 | A watercolour, <i>Near Beddgelert (A Grand View of Snowdon)</i> , by Thomas Girtin, c.1799 | National Museums and Galleries of Wales | 300,000 | 0 | 70,000 | 0 |
| 2001-02 | A bronze and ormolu hanging light by James Deville (1776-1846), from Gawthorpe Hall | National Trust | 110,568.75 | 0 | 47,784 | 15,000 |
| 2001-02 | A pair of George III carved stone sphinxes | Birmingham Museums and Art Gallery | 285,485.25 | (HLF) 117,500 | 79,936 | 43,000 |
| 2001-02 | A drawing, <i>Study for the Institution of the Eucharist</i> , by Federico Barocci (1528/35-1612) | Fitzwilliam Museum | 945,000 | (HLF) 700,000 | 225,000 | 0 |
| 2001-02 | Albumen Prints and Glass Negatives by Charles Lutwidge Dodgson (1832-98) ('Lewis Carroll') (11 items) | National Museum of Photography, Film and Television /National Portrait Gallery | 345,312 | (NHMF) 265,969 | 56,622 | 0 |

| Year | Item | Purchaser | Price (£) | Support by HLF/NHMF (£) | Support by NACF (£) | Support by Resource/V&A Fund (£) |
|---------|--|--|------------------------------|-------------------------|---------------------|----------------------------------|
| 2001-02 | Two Late Bronze Age gold hair rings, c.1100-750 BC | Ashmolean Museum | 4,700 | 0 | 0 | 0 |
| 2001-02 | Pair of George II walnut upholstered side chairs by William Hallett | Leeds Museums and Galleries for Temple Newsam House | 70,050 | (HLF) 20,000 | 10,000 | 20,000 |
| 2001-02 | The Kelso Archive, c.1750-1850 | Scottish Borders Council | 59,010 | (HLF) 36,600 | 0 | 0 |
| 2001-02 | The Archive of Walter Crane (1845-1915) | Whitworth Art Gallery and John Rylands Library of the University of Manchester | 376,475 | (HLF) 282,356 | 36,675 | 0 |
| 2001-02 | A fifteenth-century Middle English physician's handbook | Wellcome Trust | 210,000 | 0 | 0 | 0 |
| 2001-02 | A spring-driven astronomical table clock by Thomas Barry and James Moorcroft of Ormskirk. | National Museums, Liverpool | 250,000 | (HLF) 187,500 | 42,500 | 0 |
| 2002-03 | A pair of George IV ormolu and mother of pearl black and gilt japanned papier-mache vases by Jennens and Bettridge, the mounts attributed to Edward Holmes Baldock | Temple Newsam House, Leeds | 185,000 | (HLF) 95,000 | 35,000 | 30,000 |
| 2002-03 | Meissen porcelain figure of a crouching king vulture | Victoria and Albert Museum | 510,688 | (HLF) 383,000 | 75,000 | 0 |
| 2002-03 | A miniature photo album by Mary Dillwyn | National Library of Wales | 49,165 | 0 | 9,165 | 0 |
| 2002-03 | A portrait, <i>The Lieutenant General, the Hon. Robert Monckton</i> , by Benjamin West | National Army Museum | 539,130.95 | (HLF) 349,436 | 0 | 0 |
| 2002-03 | A Roman well-head, the Guilford Puteal, c.100 BC | British Museum | 294,009.30 | 0 | 108,000 | 0 |
| 2002-03 | An armchair and dressing table by Marcel Breuer | Victoria and Albert Museum | Chair 41,790 Table 44,248 | 0 | 43,019 for both | 0 |

| Year | Item | Purchaser | Price (£) | Support by HLF/NHMF (£) | Support by NACF (£) | Support by Resource/V&A Fund (£) |
|---------|---|-----------------------------------|--------------|-------------------------|---------------------|----------------------------------|
| 2002-03 | A portrait, <i>Richard Arkwright junior with his wife Mary and daughter Anne</i> , by Joseph Wright of Derby | Derby Museum and Art Gallery | 1,217,500 | (HLF) 999,500 | 55,000 | 0 |
| 2002-03 | Letters and Diaries of Claudius James Rich (1787–1821) | British Library | 61,575 | 0 | 0 | 0 |
| 2002-03 | A miniature of the Nativity, attributed to Jean Bourdichon | Victoria and Albert Museum | 250,000 | (NHMF) 187,500 | 30,000 | 0 |
| 2002-03 | A bronze incense burner attributed to Desiderio da Firenze | Ashmolean museum | 980,000 | (NHMF) 768,679 | 150,000 | 0 |
| 2002-03 | A painting the Madonna of the Pinks, by Raphael | The National Gallery | 22,000,000 | (HLF) 11,500,000 | 400,000 | 0 |
| 2003-04 | A Regency carved mahogany centre table designed by Thomas Hope for his house in Duchess Street, c.18 | The Victoria and Albert Museum | 100,000 | 0 | 44,000 | 0 |
| 2003-04 | A painting by Annibale Carracci, <i>The Holy Family with the Infant Saint John the Baptist ("The Montalto Madonna")</i> , 1597-1600 | The National Gallery | 805,280 | 0 | 0 | 0 |
| 2003-04 | Four silver wine coolers: one pair by Robert Joseph Auguste of Paris and one pair by Parker & Wakelin of London | Private Purchaser | 1,098,513.68 | 0 | 0 | 0 |
| 2003-04 | A Siena marble table made for William Beckford. | The Beckford Tower Trust | 220,000 | (NHMF) 110,000 | 35,000 | 40,000 |
| 2003-04 | The Archive of G King & Son | Norwich Town Close Estate Charity | 13,810 | 0 | 0 | 0 |
| 2003-04 | A painting by Richard Parkes Bonington, <i>French Coast with Fishermen</i> | The Tate | 1,284,026 | (HLF) 770,416 | 100,000 | 0 |
| 2003-04 | Two paintings by Claude-Joseph Vernet, <i>Calme</i> and <i>Tempête</i> | The National Gallery | 2,402,680 | 0 | 0 | 0 |

Appendix H

The Rate of Art Price Inflation 10 September 2004

*Prepared for: The Reviewing Committee
on the Export of Works of Art by
Kusin & Company*

One of the most distinctive features of the art market is that it is made up of a combination of many independently moving sub-markets defined primarily by their physical characteristics, the specialization of their subject matter, the combined weight of scholarship and connoisseurship, and the subsequent division into highly specific artistic schools or genres.

Essentially, there is no such thing as "the art market." What that term implies is an aggregation of highly specialized individual sub-markets such as the marketplaces for Old Master paintings; paintings (or drawings, or sculptures) by the French Impressionists; or works by contemporary artists. When analyzing prices in these sub-markets for art, as in the many global sub-markets for capital in all its forms, it will be clear that many sub-markets for art behave differently, and often do not correlate to each other nor to any aggregation or average of their sums. Furthermore, within each sub-market there are notable differences in price behavior in the top end *versus* the lower end and indeed often between all of the various bands or price points in between.

A common piece of advice given by art dealers to their clients is to buy the best (that is, the most expensive) art works they can, presuming that the top end, or "masterpieces," will outperform the market. The empirical evidence surrounding this issue is mixed, and masterpieces have been shown both to under- and over-perform the market depending on the artist, time period, school, and a host of other factors. What is clear, though, from much of the research on the so-called "masterpiece phenomenon" is that the high end of a particular sub-market will often perform *differently* than that of the mainstream or aggregated art markets.

To show the difference between the rate of price inflation in the aggregate market versus the market for masterpieces, we analyzed a sample of the top (highest priced) 5% of three sub-markets:

1. Old Master paintings ("OM")
2. 17th Century Dutch Old Master paintings ("DOM," a sub-set of 1.)
3. French Impressionist paintings ("French-Imp")

We compare the rate of price appreciation in the top tiers of these three sub-markets to an all-market aggregation generated by the Art-Sales Index ("ASI,") during 2002 that represents all auction sales of fine art in Europe and the US from 1995 through 2001. The results are given in **Table One** below.

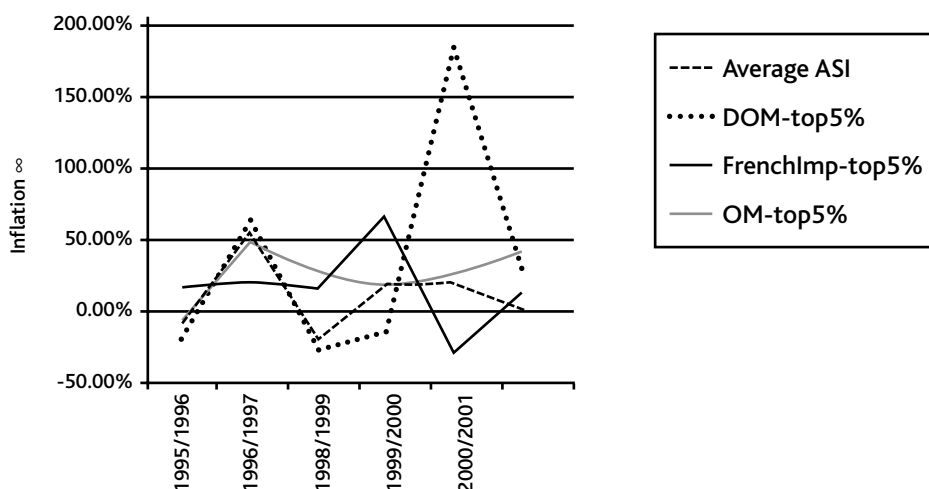
Table One. Rates of Price Inflation 1995-2001

| YEAR | AVERAGE ASI | DOM-TOP5% | FRENCH-IMP-TOP5% | OM-TOP5% |
|---------------------|--------------|---------------|------------------|---------------|
| 1995/1996 | -13.54% | -25.58% | 9.95% | -11.90% |
| 1996/1997 | 52.58% | 58.62% | 13.94% | 43.71% |
| 1997/1998 | -27.95% | -34.18% | 10.55% | 20.84% |
| 1998/1999 | 13.07% | -21.56% | 62.45% | 11.91% |
| 1999/2000 | 13.83% | 182.33% | -36.81% | 20.40% |
| 2000/2001 | -4.18% | 23.85% | 5.89% | 36.41% |
| Average | 5.63% | 30.58% | 11.00% | 20.23% |
| St Deviation | 28.0% | 82.4% | 31.5% | 19.6% |

Table One shows the percentage change in the average price from year to year for each of the sub-markets *versus* the aggregation compiled by the Art-Sales Index. It is notable from the table that for each sub-market as well as the aggregated art auction market, there are years of both considerable inflation and deflation. For example, in 1999/2000 the market for Dutch Old Master paintings underwent a massive rise in prices with an inflation rate of 182% from the previous two years of recessionary deflation. Looking at the average inflation over the entire 6 year period however, it is clear that the rate of price inflation for art of the highest quality is much greater than that of the art market as a whole, at nearly 6% *versus* 31%, 11%, and 20% for the top-tier sub-markets.

A similar analysis emerges in Figure One. Here we can see that while the average auction market is subject to a number of peaks and troughs, these are more pronounced in the market for top paintings by the Dutch Old Masters and French Impressionists. The market for Old Masters has a more steady rate of price inflation with only one period of deflation during the 6 years, meaning that its over all rate of inflation remains nearly double that of the aggregated market.

Fig.1 Art Market Inflation Rates 1995-2001



It is interesting to compare this with the way in which the FTSE index moved over the same period. The FTSE All Share Index had an average rate of inflation of 9% over the period, slightly higher than the aggregated art market and with a considerably lower standard deviation in prices (11% versus 28% for the ASI average). In other words, over the period, prices in the art market rose at a lower average rate than those in the stock market but had a greater deviation (or movement) around that average rate of price appreciation.

We also analyzed the FTSE-100, an index representing the 100 most highly capitalized blue chip companies on the London Stock Exchange to see how its performance differed from the All Share Index. In this case, the top 100 has a higher standard deviation in prices (at 13%), as did our top tier art sub-markets; but the inflation rates were very similar to the aggregate at 9.5% over the period. One could surmise, therefore, that the marked increased intensity of price inflation for top-end works of art is a phenomenon particular to the art market.

Overall, the data appear to show that the average rate of price inflation for art of the highest price is much greater than the aggregated fine art auction market, the FTSE index and the United Kingdom retail price index. There are two important qualifications that must be made before drawing any strong conclusions from this data:

The standard deviations in the annual inflation rates of all of the top 5% sub-markets are extremely large. This means that any conclusions drawn must bear in mind that yearly averages, and especially averages over an extended period, can mask a multitude of important price movements *within* the period under study which may be crucial in guiding potential policy formulation, investment decisions, or strategic moves.

The data used excludes values for works "bought in-house"¹ at auction. These values were not available for the Art-Sales Index aggregate and so were removed from the top 5% of Kusin data to attain comparability. Including buy-ins would most likely reduce the rate of price inflation across the board, though possibly at a different rate for each of the four defined markets, and may also moderate some of the standard deviation in prices.

¹ A work of art or antique that is brought to auction but fails to sell is said to be "bought-in."

Appendix J

Excerpt from the Goodison Review (January 2004)

Securing the Best for our Museums: Private Giving and Government Support

Conditional exemption

- 5.18 As I have said earlier, the conditional exemption from inheritance tax of certain pre-eminent objects on the death of the owner has been a major reason, probably the most important reason, for the retention of many pre-eminent objects in this country. It will continue to perform this function.
- 5.19 Many people see conditional exemption as a means of allowing the rich to have their cake and eat it. They continue to enjoy the objects and escape the tax. But it is tax deferred, not tax escaped. And the effects of the exemption in reducing the risks of sale of pre-eminent objects have been wholly beneficial to communities in this country. There are many great collections open to the public that would have been denuded if objects in them had had to be sold to pay inheritance taxes. This is particularly true in the regions.
- 5.20 Respondents have recognised the value of conditional exemption. Their main criticism has centred on the provisions of the 1998 Finance Act, which stiffened the criteria for exemption from 'museum quality' to 'pre-eminence' and laid down a requirement to make objects accessible to the visiting public without prior appointment. The period of access was not laid down in the Act, but it had to be 'reasonable'. In practice the Inland Revenue has interpreted this as meaning up to 100 days a year. Respondents have also criticised the Inland Revenue, who they believe are not the most suitable people to assess works of art or the suitability of the houses for open access. We have not received any comments on the parallel work of English Heritage in negotiating arrangements for objects associated with a building of outstanding historical or architectural interest.
- 5.21 The effect of raising the criteria for exemption is in some ways beneficial. It will mean that future exemptions are of pre-eminent objects or of pre-eminent collections. That seems a desirable way of applying the tax benefit, although it might increase the risk of sales from an estate to pay for inheritance tax, since by definition more objects will not be exempted. I hope that my recommendation below on making it possible for owners to plan their estates better through lifetime Acceptance in Lieu arrangements will mitigate that risk.
- 5.22 It was however a mistake to apply the new criteria to objects already exempted under the previous standard of 'museum quality.' Inheritance tax will be payable on the next death on those presently exempt objects (of 'museum quality') which are deemed not to be pre-eminent. The most likely way of financing this tax will be to sell pre-eminent objects – or at least there is a serious risk of this. This point has been made by a number of owners and advisers during the period of consultation. My recommendation below deals with the problem.

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- 5.23 There are many complaints about the Inland Revenue's interpretation of the 'reasonable access' provisions of the 1998 Finance Act. On the one hand owners who agreed to arrangements for public access under previous legislation believe that the rules should not have been changed retrospectively and tell tales of tortuous negotiations with the Inland Revenue to modify the earlier agreements. On the other hand some owners threaten to sell their exempted objects because their houses are not equipped or suitable for public access and they are worried about the security risk, let alone the costs of the arrangements for opening. Respondents have pointed out that recently applications for conditional exemption have diminished. They attribute this to (1) fears of the effect of the new access provisions, and (2) objections to having to sign up to future changes in the legislation, as if signing a blank cheque. In their view the provisions of the 1998 Act have defeated the original purpose of the scheme.
- 5.24 This is a tricky issue. The owner has received a benefit of tax deferral and cannot expect to give nothing in return. But it seems to me to be unreasonable to try to impose the same conditions of access to all conditionally exempt objects, irrespective of their condition or nature, the circumstances of the property in which they are housed, the owner's ability to provide the service, or the risks to which the owner would be exposed. English Heritage, which dispenses grants to private properties all over the country, imposes no such straitjacket. For some properties, the access arrangements recognise 'the vulnerability of the building' and opening is by appointment on an agreed number of days each year. If the aim is to reduce the risk of sales of conditionally exempt objects, I believe that the rules on access should revert to something closer to English Heritage's requirements. This would mean (1) an accepted norm of so many days a year of open access (English Heritage's norm is a minimum of 28 days a year), but (2) returning to individual arrangements for access suitable to the nature and condition of the conditionally exempt object and to its location, and (3) transferring the responsibility for judging the merits of each case to an office that has considerable experience of the problems of houses and of works of art and no perceived interest in maximising tax revenue. As I have argued above, Resource is the obvious choice. The staff of the Acceptance in Lieu Panel already carries out the work of evaluating pre-eminent chattels under the conditional exemption scheme. Resource could be the custodian of the records of objects that are conditionally exempt on behalf of the Inland Revenue, and could bring firm but sympathetic administration to the scheme.
- 5.25 Owners can lend conditionally exempt objects to museums and galleries for periods equivalent to the required number of days of access each year, or lend them for longer periods at less frequent intervals. There have been difficulties in finding museums willing to take on short term loans, but some museums have expressed a willingness to provide exhibition space if a solution can be found to the cost of transport.
- 5.26 A number of respondents have made the point that it is strange that owners have no obligation to offer conditionally exempt objects to public collections if they ever sell them. There are attractions in this idea. On the other hand it could further deter owners from applying for conditional exemption. On balance I am not inclined to recommend it. When it was last recommended in 1981

the Government instead introduced an obligation on owners to give the then Museums and Galleries Commission (now Resource) three months' notice of their intention to sell a conditionally exempt object. The wording of this obligation was softly expressed ('Owners will be expected...') and sanctions for not complying were unclear. The obligation was considered to be unenforceable. It fell away with the 1998 Finance Act, so that now the obligation only covers objects exempted between September 1982 and July 1998. Early notice of sale offers a breathing space during which a fair value can be agreed and potential museum funding for a private treaty sale can be harnessed. It would therefore be helpful if such an obligation was re-introduced. It is difficult to think of a sanction for failure to notify an intended sale, but the Reviewing Committee on the Export of Works of Art could let it be known that, if the requested notice has not been given, it would normally recommend extending the initial period of deferral in the event of an application for an export licence by three months, i.e. the period of notice that should have been given prior to the sale.

5.27 There is a particular concern about archives. Many archives are still in private hands, and are not at present conditionally exempt because it is only recently that their value has risen. Some archives are of enormous historical importance. Many are deposited in local record offices. The advantages of conditional exemption as a means of keeping them intact and in this country should be publicised to owners and their advisers (see 'Publicity').

Recommendation 21: I recommend that the 1998 Finance Act should be amended to permit objects that are already conditionally exempt to remain exempt when they are inherited.

Recommendation 22: I recommend that all negotiations for conditionally exempt objects should be transferred to Resource, other than those handled by English Heritage.

Recommendation 23: I recommend that the interpretation of the 1998 Finance Act's requirement for 'reasonable access' should permit a more flexible arrangement for public access to conditionally exempt objects. In assessing 'reasonable access', the condition and nature of the object and, where applicable, the existing opening arrangements of the house, should be taken into account. Long-term loans to museums should be encouraged as a way of discharging access responsibilities.

Recommendation 24: I recommend that owners of future conditionally exempt objects should be obliged to give Resource three months notice of any intention to sell a conditionally exempt object and that the Reviewing Committee on the Export of Works of Art should let it be known that, in cases where the notification has not been given, it will normally recommend extending the initial period of deferral in the event of an application for an export licence by three months.

Recommendation 25: I recommend that Resource should seek ways of staging and financing temporary exhibitions of conditionally exempt objects in order to help owners meet the requirements of public access.

Acceptance of objects in lieu of taxes: extending the concession to all forms of tax

- 5.28 The Acceptance in Lieu arrangements have kept pre-eminent objects in this country and have made them accessible to large numbers of visitors. The in situ arrangements, whereby objects can remain in their houses of origin although owned by an administering museum, have made objects available to visitors in the regions. The arrangements are good value, both for the visiting public and for the owning museum, and should be retained.
- 5.29 Some respondents have argued for extending the right to submit an outstanding object for Acceptance in Lieu not just of inheritance tax liabilities but of all types of tax liability during an owner's lifetime. This proposal has many attractions. It would almost certainly lead to the offer of many outstanding objects to national and regional collections, which is the main aim of this review. There is one principal objection to it. It does little to encourage philanthropy. The gift would effectively cost the giver nothing. There would also be considerable knock-on effects, because it would be far and away the most generous tax concession to any form of charity. Other charities would quickly claim similar treatment. These objections make it difficult for me to recommend it.
- 5.30 There is a strong case for extending the provisions of Acceptance in Lieu to other tax liabilities of a deceased estate, including capital gains tax and income tax. There seems little logic in confining the provisions only to inheritance tax. Extending it to other taxes due could be beneficial to museums in that it might reduce the number of 'hybrid' deals, i.e. those deals in which the museum has to provide funds because the value of the object exceeds the liability to inheritance tax. Extending Acceptance in Lieu is likely to attract the executors and beneficiaries of people who own pre-eminent objects, the chief target of this review.
- 5.31 Since objects cannot be subdivided executors should be permitted to carry forward into future tax years any excess tax liability not written off in the year of acceptance. This provision will only suit those estates that take some time to wind up.
- 5.32 This measure to extend Acceptance in Lieu has other advantages. It is simple to understand. It requires no new administration because the administration already exists in Resource. It builds on existing practice and existing respected valuation procedures. This is an important point, because tax breaks in other countries have led to abuses based on less robust valuation procedures.

Recommendation 26: I recommend that the Acceptance in Lieu provisions should be extended to all types of tax liabilities due on a deceased estate, however long it takes to wind the estate up.

Acceptance of objects in lieu of taxes: other changes to acceptance in lieu arrangements

- 5.33 Several respondents have suggested increasing the *douceur* on Acceptance in Lieu deals, largely on the grounds that the lower rate of inheritance tax (now 40 per cent, reduced from a maximum of 60 per cent in 1988) makes the *douceur* less of an inducement to forego the temptations of the saleroom. But 25 per cent of the inheritance tax and capital gains tax is still an inducement, and no-one has been able to assure me that, say, doubling it would have a substantial effect on the number of offers. The value of the arrangement is the settling of tax liabilities without dispensing cash. Increasing the *douceur* would also have the effect, in the case of 'hybrid' deals (in which, because the value of the offered object exceeds the tax liability, the museum has to finance part of the cost, see Annex I), of increasing the cost to the museum (see Recommendation 30).
- 5.34 There is a further change to the Acceptance in Lieu system that would, I believe, reduce the risk of sales of outstanding objects after the owner's death. I have been told that some owners are anxious to settle their affairs before they die, and that the destination of their chattels, especially works of art, concerns them deeply. As things are at present there is never a guarantee, unless it is a condition of the owner's will, that the best objects in a collection will not go to auction and be lost abroad. If an owner was able to settle potential inheritance tax liabilities before death, it would reduce the risk of sale. It would enable the owner to offer an object, at current value, in exchange for promised tax relief on his or her estate after death, during the owner's lifetime. The ownership of the object would be passed, often in accordance with the owner's wishes but in any case after negotiation with the owner, to a museum or gallery. The tax relief would be available to the executors of the owner's estate to surrender in lieu of inheritance tax and other taxes if my earlier recommendation is accepted.
- 5.35 I see no reason why, if the owning museum is agreeable, the object should not remain in the ex-owner's home or other premises if the circumstances are appropriate.
- 5.36 The negotiations for in situ arrangements need to be simplified. Many respondents have complained that they are unnecessarily complicated and that they take much too long to agree. There are particular criticisms of the involvement in the negotiating process of the Department for Culture, Media and Sport and the delays that this appears to cause. Some have said that the processes positively put them off making offers. There are I believe two reforms that would help. The first would be an acceptable model agreement that would serve as the norm in any in situ arrangement. The Department for Culture, Media and Sport's current model has not met with total acclamation either from owners or from lawyers representing them. There is no reason why a model agreement should not be suitable for most cases. Work should continue to establish a workable model agreement, while accepting in certain rare cases that there could be acceptable arguments for varying it.
- 5.37 The second reform concerns the processes of negotiation. I have argued above (see para 5.24) for the transfer of the negotiations and administration of in situ arrangements to Resource. Apart from

the advantages argued earlier, this will have the advantage of simplifying negotiations. At present the Department for Culture, Media and Sport involves itself, and the services of Treasury Solicitors, in Acceptance in Lieu in situ negotiations on the grounds that the interests of taxpayers should be protected. Each agreement is signed off by the Secretary of State. The result of this is that each negotiation becomes a tripartite affair, with resultant legal arguments, correspondence, and delays. I cannot see why the Department needs to be involved at all. The agreement should be between the museum that will own the object and the owner of the house. Checking that it conforms with the standard requirements of the model agreement could be the task of Resource as the administrator of the scheme. The involvement of the Secretary of State seems an unnecessary burden. Ministers do not sign off individual grants from English Heritage, which are also derived from taxpayers.

- 5.38 Respondents have drawn attention to a number of other procedural difficulties that act to deter owners from offering objects under the Acceptance in Lieu scheme. These comments centre on the role of the Inland Revenue in ruling how these arrangements should be applied. There has not been time during this review to grapple with all these detailed comments, some of which could be of great importance in helping to reduce the risk of sales of pre-eminent objects on the open market. The formation of a single body to handle the negotiations under all the schemes (see Recommendation 15¹) is likely to solve some of these difficulties and iron out some of the inconsistencies. It should be one of the first tasks of the proposed single body. The Department for Culture, Media and Sport's model agreement for in situ arrangements could be part of the same study.

Recommendation 27: I recommend that owners of pre-eminent objects should be able to submit them (with the benefit of the *douceur*) during their lifetimes for Acceptance in Lieu against tax on their future estate, the objects passing immediately to a Schedule 3 body or a registered museum and the tax relief being available to the owners' executors for the settlement of inheritance tax and other taxes due on the estate. The objects could remain with their ex-owners by agreement with the owning Schedule 3 body or museum.

Recommendation 28: I recommend that responsibility for the negotiation and agreement of all in situ arrangements should lie with the recipient museums under the supervision of Resource, that the agreements should be based on a model agreement, and that the agreements should be signed off by Resource.

Recommendation 29: I recommend that the arrangements for access to objects allocated in situ should be based on the same flexible arrangements recommended above for conditionally exempt objects (see Recommendation 23).

¹ Recommendation 15: I recommend that the administration of the Export Licensing Unit and the Export Licence Review system (see pp.39-40), of the evaluation of chattels in arrangements for conditional exemption, of negotiations for conditional exemption and subsequent surveillance, of the Acceptance in Lieu system, of in situ arrangements under the Acceptance in Lieu system, of the Government Indemnity Scheme and of any system of gifts in kind as recommended in this review (see Recommendations 27-30) should be undertaken by Resource.

Recommendation 30: I recommend that there should be a study of the Inland Revenue's rules for offers in lieu and private treaty sales, and of the Department for Culture, Media and Sport's model agreement for in situ arrangements, with a view to achieving consistency and reducing the risks of sales of objects on the open market. The study should be carried out by Resource, in consultation with the Inland Revenue, the Department for Culture, Media and Sport and representatives of owners following the implementation of the recommendation to combine within Resource the various programmes discussed in the report (see Recommendation 15).

Private Treaty sales

- 5.39 Sales of pre-eminent objects to museums and galleries by private treaty are encouraged by the application of the *douceur*. The buying museum gains the advantage of paying only the net price after the calculation of the seller's tax liability, plus 25 per cent of the buyer's tax liability. The seller gains the advantage of receiving a price that includes this uplift of 25 per cent of the tax liability. No tax is paid. There have been some substantial sales to museums by private treaty and respondents have praised the system.
- 5.40 The value of the *douceur* has fallen in line with inheritance tax rates and the indexing and tapering of capital gains tax. Since we want to encourage sales to museums rather than sales on the open market, there is a case for increasing the *douceur* for these transactions so that the seller receives a higher price. But if the *douceur* were to be increased the buying museum would have to pay more. That defeats the case for raising the *douceur*.
- 5.41 Corporations own a quantity of historic material, some of which could well be judged to be of pre-eminent importance, not least archives. It would be logical to extend the *douceur* arrangements to corporations
- 5.42 There is one anomaly concerning the *douceur* that I find curious. The *douceur* was introduced as a means of tempting owners to sell to British museums and galleries by private treaty rather than sell on the open market. It seems wholly illogical that a seller should receive the benefit of the *douceur* when he has already agreed to sell elsewhere and then later, following an export deferral, sells to a British institution.
- 5.43 Respondents have mentioned that whereas the seller of an object to a private buyer can deduct the costs of sale from the gross price received when calculating liability to capital gains tax, this is not done for the notional capital gains tax calculation which forms part of the *douceur* arrangement. It is not clear why not. I can see that the costs may need to be scrutinised to ensure that they do not exceed those that would have been spent on a taxable sale, but this is not an insoluble problem. The present rule could put some owners off private treaty sales.

Recommendation 31: I recommend that the *douceur* arrangements should be extended to private treaty sales by corporations.

Recommendation 32: I recommend that the *douceur* should not be available to the owner of an export-deferred object who has not previously offered it for sale by private treaty to a Schedule 3 body, and that if the object is acquired after deferral the buying Schedule 3 body or registered museum should pay the net price after deducting the calculated tax liability.

Recommendation 33: I recommend that the costs incurred on the sale of a pre-eminent object to a Schedule 3 body or registered museum by private treaty should in principle be taken into account in operating the *douceur* arrangement for such sales, and that Resource should develop detailed rules for this as part of a study I have recommended they should undertake.

Gifts of pre-eminent objects

- 5.44 The extension of the Acceptance in Lieu arrangements to other tax liabilities stands a good chance of tempting executors to offer objects to museums rather than risking the uncertainties of the market. It does not offer any inducement to people who might want to give or promise objects to museums during their lifetimes. There is evidence to suggest that there are potential donors who would make gifts if there were tax inducements. Some would like to keep the objects in their homes, subject to certain conditions, until death or some other forward date.
- 5.45 It is a matter of fine judgement (which in this case probably means guesswork) to determine the degree of inducement likely to lead to success. Potential donors are diverse. There are very rich people whose affairs are so organised that they probably do not pay UK tax. Their tax domicile is overseas. There are owners who possess fine houses, land and outstanding collections but tend to be short of cash. There are owners who own the collections but not the houses in which the collections are housed. There are less prosperous, but still well off, people with high salaries or substantial investments, some of whom collect objects. There are less well off people who might donate lesser sums but may be unlikely to have pre-eminent objects to give. Collectively these are all potential donors, but their tax circumstances are widely different. It is not easy to devise a single tax inducement that will attract them all, bearing in mind that any inducement needs to be simple and understandable.
- 5.46 Our studies, and discussions with respondents including potential donors, have led me to believe that the most likely inducement to attract donors would be the ability to offset the gross value of a gift against income before the assessment of tax. Any liability to capital gains tax and inheritance tax would be cancelled. In essence this proposal parallels the inducements offered to givers of stocks and shares to registered charities. But works of art are different from shares. They cannot be cut in pieces to enable the tax benefit to accrue in successive years. The scheme therefore should make provision for the value of the object to be set against taxable income in instalments, but always (for the sake of simplicity) on the basis of the value at the outset and not, as in the US on the basis of revaluations each year.
- 5.47 In theory the arrangement could also be applied to a gift of cash to a Schedule 3 body or registered museum for the explicit purpose of buying a particular object or objects. But a donor can already

give cash under Gift Aid. The Gift Aid arrangements have greatly benefited museums and galleries. In the view of some respondents it is unfortunate that the taxpayer does not receive the full benefit of payments under gift-aid, because at the top rate of tax 22 per cent goes to the charity and only 18 per cent to the taxpayer. They believe that donors under Gift Aid would be more generous if they received the full benefit of the tax concession. But it would be impossible to introduce a special form of cash Gift Aid for one class of charitable giving without changing Gift Aid generally. That would be beyond the scope of this review and would need research into the attitudes of donors.

- 5.48 Meanwhile, under the scheme that I am proposing, it will be possible for donors, acting singly or together, to buy works of art that meet the criteria of pre-eminence, and donate them to museums and to receive the tax reliefs involved in making the gifts.
- 5.49 The scheme for gifts of objects should be modelled on the quality criteria and valuation arrangements for acceptance of objects in lieu of inheritance tax and administered by Resource.

Recommendation 34: I recommend that donors, acting singly or together, of pre-eminent objects to Schedule 3 bodies and registered museums should be able to offset the gross value of the gift against income before liability to income tax, eliminating any liability to inheritance tax and capital gains tax on disposal of the objects, and should be able to allocate the value in instalments against gross income over successive tax years.

Recommendation 35: I recommend that the system for these gifts should be based on the criteria of quality applied in the present Acceptance in Lieu system.

Recommendation 36: I recommend that the evaluation and eligibility of gifts under this scheme should be administered by Resource.

Trusts and Corporations

- 5.50 Many great collections are held in trusts. I have wondered whether special arrangements should be considered for trusts, but I am against introducing complicated provisions. I have been assured by leading lawyers during the process of consultation that the proposals for extending Acceptance in Lieu to other taxes and for gifts will be effective for trusts, most of which have income and other tax liabilities, and that there is no advantage in considering something different for them.
- 5.51 Similar arguments apply to corporations. Tax relief should be available to corporations gifting pre-eminent objects or archives to the nation.
- 5.52 The risks to important business archives are particularly acute. Many companies conserve their archives professionally and make them available to public access on request. Other companies are more careless about these important historical records. There is a case for corporation tax relief for the care and conservation of business archives, or at least for the costs of providing access to them and of any educational service based on them.

Recommendation 37: I recommend that corporations should be permitted to offset the gross value of gifts of preeminent objects against income before liability to Corporation Tax.

Recommendation 38: I recommend that this scheme should be administered by Resource.

Recommendation 39: I recommend that the Inland Revenue should issue a statement of practice making it clear that companies can include the care and conservation of business archives, and the costs of providing access to them and of any educational service based on them in their costs before the calculation of corporation tax.





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Left: The design and modelling of these wine coolers by Auguste of Paris, one of the leading neo-classical silversmiths of his time, makes them of outstanding aesthetic importance. They belonged to Earl Harcourt, a leading courtier of George II, who commissioned copies from the London firm of Parker and Wakelin to form part of the ambassadorial silver which he took to Paris.

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