Royal Academy Trust

England & Wales · Charity number 1067270

Details

Other names	ROYAL ACADEMY DEVELOPMENT TRUST, THE ROYAL ACADEMY TRUST
Status	Registered
Legal form	Other
Registered	1998-01-08
Register	View on the Charity Commission register

Contact

Address	Burlington House Piccadilly London W1J 0BD
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Website	www.royalacademy.org.uk

Activities

Objects: THE MAINTENANCE AND PRESERVATION OF THE ROYAL ACADEMY OF ARTS IN LONDON THROUGH WHICH IN THE WORDS OF ITS INSTRUMENT OF FOUNDATION AND IN ACCORDANCE WITH ITS LAWS AS APPROVED BY THE SOVEREIGN THE ARTS OF DESIGN MAY BE PROMOTED INCLUDING:- (1) THE MAINTENANCE PRESERVATION AND CARE OF ANY BUILDINGS AND POSSESSIONS AT ANY TIME OR FROM TIME TO TIME OCCUPIED OR OWNED BY THE ROYAL ACADEMY OF ARTS AND HELD ON CHARITABLE TRUSTS (2) THE PRESENTATION OF THE ANNUAL EXHIBITION (AS DEFINED IN SECTION VI OF THE LAWS OF THE ROYAL ACADEMY OF ARTS IN LONDON) AND LOAN EXHIBITIONS PREPARED AND MOUNTED FOR THE BENEFIT BOTH OF SCHOLAR AND LAYMAN (3) THE MAINTENANCE AND PRESERVATION OF THE ROYAL ACADEMY SCHOOLS AS A MEANS OF PROVIDING TRAINING IN THE FINE ARTS (4) THE PRESERVATION OF DIPLOMA WORKS AND OF A LIBRARY OF THE ROYAL ACADEMY OF ARTS AS A CENTRE OF REFERENCE FOR THE FINE ARTS (5) THE MAINTENANCE PRESERVATION AND ADVANCEMENT OF SUCH OTHER CHARITABLE OBJECTS AND PURPOSES AS ARE FROM TIME TO TIME SUPPORTED BY THE ROYAL ACADEMY OF ARTS

Activities: The object of the Trust is the maintenance, development, advancement and preservation of the Royal Academy of Arts.

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Classification

- **How:** Makes Grants To Organisations
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£1,518,840	£2,080,869	£52,354,931	1
2023-08-31	£1,481,853	£3,854,408	£50,194,946	1
2022-08-31	£2,070,366	£1,202,538	£53,117,928	1
2021-08-31	£951,032	£3,259,256	£52,317,263	1
2020-08-31	£2,704,609	£2,592,515	£46,666,263	1

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Trustees

Name	Role	Appointed
Andrew Cohen		2025-01-01
Batia Ofer		2019-04-17
Bianca Roden		2024-01-02
Denise Gardner		2025-02-28
Elbert O'Neal Robinson Jr		2022-09-21
Esha Arora		2026-03-13
Ivor Braka		2026-01-26
Katy Wickremesinghe		2022-09-21
Lady Ina Sarikhani Weston		2020-09-07
Lisa Reuben		2024-03-13
Martin Ephson OBE		2024-06-07
Melanie Clore		2017-06-22
Natalie Livingstone		2026-03-13
PESH FRAMJEE		2020-08-26
Paulo Pereira		2023-06-14
Peter Rowland Tudor St John		2020-11-01
ROBERT WILLIAM GUY YERBURGH		2020-06-22
Rebecca Salter PRA		2019-12-10
Rosemary Leith		2025-12-01
Sally Tennant		2023-03-21
Scott Mead		2017-06-07
Sebastien Mazella di Bosco		2024-10-02
Simon Philip Zbigniew Wallis OBE		2025-08-10
Stefan Bollinger		2021-07-13

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Royal Academy Trust

England & Wales - Charity number 1067270

Accounts

ROYAL ACADEMY TRUST

Registered Charity No. 1067270

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2024

Royal Academy Trust
Reference and Administrative Details

Trustees in the financial year and at the date of signing:
Batia Ofer (Chair) (appointed 11 December 2023)
Lady Myners (Chair) (retired 11 December 2023)
Sally Tennant OBE (appointed Deputy Chair 11 December 2023)
Robert Suss (Deputy Chair) (retired 26 September 2023)
President of The Royal Academy of Arts (Ex officio) - Rebecca Salter PRA
Treasurer of The Royal Academy of Arts (Ex officio) - Prof Peter St John (Adam Caruso and Peter St John RA)
Secretary and Chief Executive of The Royal Academy of Arts (Ex officio)
- Axel Rüger (resigned 31 October 2024)
Secretary and Chief Executive (Interim) of The Royal Academy of Arts (Ex officio)
- Natasha Mitchell (appointed 1 November 2024)
Clara Amfo
Stefan Bollinger
Aryeh Bourkoff
Varun Chandra (retired 23 September 2023)
Melanie Clore
Martin Ephson OBE (appointed 7 June 2024)
Pesh Framjee
Clive Humby OBE
Dame Vivian Hunt DBE (resigned 7 May 2024)
Nicole Junkermann
Sébastien Mazella di Bosco (appointed 2 October 2024)
Dame Carolyn Julia McCall DBE
Scott Mead
Siobhan Moriarty-MacDonnell
Paulo Pereira
Lisa Reuben (appointed 13 March 2024)
Bianca Roden (appointed 2 January 2024)
Elbert O'Neal Robinson
Ina Sandmann
Katy Wickremesinghe
The Hon William Yerburgh

Emeritus and Honorary Trustees
Lord Aldington
Susan Burns
Sir James Butler CBE DL
Sir David Cannadine FBA
Sir Richard Carew Pole Bt OBE DL
Varun Chandra (appointed 11 December 2023)
Sir Trevor Chinn CVO
John Coombe
Elizabeth Crain
Lord Davies of Abersoch CBE
Maryam Diener nee Sachs
Sir Lloyd Dorfman CBE
Ambassador Edward E Elson
John Entwistle OBE
Michael Gee
HRH Princess Marie-Chantal of Greece

Emeritus and Honorary Trustees (continued)
C. Hugh Hildesley
Anya Hindmarch CBE
Susan Ho
Lady Lever
Sir Sydney Lipworth KC
The Rt Hon The Lord Luce, GCVO DL
Philip Marsden
Sir Keith Mills GBE DL
Ludovic de Montille
Lady Myners (appointed 24 January 2024)
John Raisman CBE
Sir Simon Robertson
Lord Rose of Monewden
Richard Sharp
David Stileman
Robert Suss (appointed 26 September 2023)
Peter Williams

Executive Committee
Batia Ofer (Chair) (appointed 11 December 2023)
Lady Myners (Chair) (retired 11 December 2023)
Sally Tennant OBE (appointed Deputy Chair 11 December 2023)
Robert Suss (Deputy Chair) (retired 26 September 2023)
Prof Peter St John (Adam Caruso and Peter St John RA)
Natasha Mitchell (appointed 1 November 2024)
Axel Rüger (resigned 31 October 2024)
Rebecca Salter PRA
Pesh Framjee
The Hon William Yerburgh (retired 19 September 2024)

Investment Sub-committee membership in the financial year and at the date of signing:
Sally Tennant OBE (Chair)
Heinrich Merz (appointed 26 September 2023)
Stephen Nelson
Alice Ryder
Robert Suss (retired 26 September 2023)
Nigel Thomas
Andrew Threadgold
The Hon William Yerburgh

Registered Office
Burlington House
Piccadilly
London W1J 0BD

Royal Academy Trust
Reference and Administrative Details

Advisers:

Auditors
Moore Kingston Smith LLP
6th Floor
9 Appold Street
London EC2A 2AP

Bankers
Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2V 7HN

Solicitors
Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Withers LLP
16 Old Bailey
London EC4M 7EG

Investment Managers
Partners Capital LLP
5th Floor
5 Young Street
London W8 5EH

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Evenlode Investment Management Limited
The Long Barn
Chalford Park Barns
Oxford Road
Chipping Norton
Oxfordshire OX7 5QR

Royal Academy Trust
Trustees' Report
For the year ended 31 August 2024

The trustees present their report and financial statements for the year ended 31 August 2024.

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

Royal Academy Trust ("the Charity" or "the Trust") was established under a Trust Deed dated 11 February 1981 to serve the public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy" or "the Academy"). The Trust became separately registered as a charity on 8 January 1998. The Trust Deed has been amended several times, including in June 2019, to change the name of the Trust from Royal Academy Development Trust to Royal Academy Trust and to amend term limits for appointed trustees (see below under "Governance and management").

Governance and management

The Charity is governed by trustees, who are men and women of distinction from business and the wider community.

The maximum number of trustees is 35 at any one point in time. The trustees consist of the President, Treasurer and the Secretary and Chief Executive of the Royal Academy, *ex officio*, and other trustees who shall serve a three year initial term, after which they are eligible for a three year renewal term, and in exceptional circumstances further terms each of no more than three years.

The trustees and officers who served during the year ended 31 August 2024 and at the date of signing are shown on pages 1 and 2 of the annual report and financial statements.

The management of the funds and distributions to the Royal Academy up to £1.25m per annum has been delegated to the Charity's Executive Committee, chaired by the Chair of the Trust. The Charity's Executive Committee has further delegated authority to manage distributions to the Royal Academy from the anonymous donor fund, which comprises both a permanent endowment element and a restricted fund for a future capital project. Other distributions to the Royal Academy for more than this must be approved by the full Trustee Board. The timing and execution of such distributions may be delegated to the Charity's Executive Committee.

The trustees are responsible for approving adequate arrangements for induction and training for new trustees and to this end a programme has been arranged to include formal inductions by the Chair, key Royal Academy Officers and executive staff, and by the Royal Academy General Counsel, together with an informative welcome pack and an introductory tour. Key documents and information are re-circulated to current trustees on an annual basis.

The trustees have a risk management process. Risks are recorded in a Risk Register and mitigating actions implemented and monitored. The major risk for the Charity is exposure to a volatile financial market. This is mitigated by the frequent monitoring and broad spread of the funds to managed investments. This risk, along with any other is considered by the trustees and is part of the Risk Register reviewed by the Charity's Investment Sub-committee and Executive Committee on at least an annual basis.

The main investment portfolio is managed by the trustees, through the Investment Sub-committee, based on advice from Partners Capital LLP ("Partners Capital"). Further investment funds are held with Sarasin & Partners LLP ("Sarasin") and Evenlode Investment Management Limited ("Evenlode"). These managers are similarly overseen by the Investment Sub-committee.

The Investment Sub-committee advises the board of trustees on investment policy and risk. The Investment Sub-committee comprises trustees with investment experience and non-trustees chosen for their experience of investment management.

Charity Governance Code

The Charity and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

During the financial year the Charity:

- Continued to provide its recently enhanced induction information to new trustees, including a "questions and answers" document, which provides information on the Royal Academy's history; its wider governance structure (as well as the Charity's, more specifically); roles and responsibilities across the Royal Academy and how these interact with the role of the Charity and its trustees; and key challenges facing the Charity.
- Continued to review appointments, make new appointments and develop the constitution of the trustee board, to comply with term limits and good governance practice.

The Charity continued to work to specific policies and procedures which apply across the Royal Academy, such as those relating to gift acceptance based on recommendations from the dedicated Ethics Advisory Group.

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The object of the Charity is the maintenance, development, advancement and preservation of the Royal Academy, a legally separate charity based in London, through which the arts of design are promoted by its charitable objects, which are stated as:

- The promotion of the arts of design.
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

It should therefore be noted that the object and therefore the remit of the role of the trustees does not extend to the responsibility for the Royal Academy itself and its day to day running, for which the Council of the Royal Academy is responsible, as the governing body of The Royal Academy of Arts.

Current activities and objectives

- Provision of revenue support for the activities of the Royal Academy through an annual donation funded by returns from the Charity's investment funds.
- Managing the growth of the Charity's investment funds and maintaining an appropriate level of risk through the Investment Sub-committee.
- Offering expertise, networks and support to the Senior Leadership Team and staff of the Royal Academy in all areas of their work.

Future plans

- The Trust is working with the Development Department on a new campaign for the Royal Academy. This will focus on ensuring the long term financial future of the Academy by seeking funds for an endowment.

In setting these objectives, the trustees confirm that they comply with their duty in section 17 of the Charities Act 2011 to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE

Financial review

Income for the year ended 31 August 2024 totalled £1.5m (2023: £1.5m). There were donations of £0.2m in support of Royal Academy cultural activities (2023: £0.5m). There was also £1.3m of investment income (2023: £1.0m). Net gains on investments were £2.7m (2023: losses of £0.6m).

Donations to the Royal Academy of £1.9m (2023: £3.7m) were made up of £1.7m (2023: £1.7m) in support of revenue projects; £nil (2023: £2.0m) as emergency support funding to mitigate the ongoing financial impact to the Royal Academy of the pandemic; and £0.2m (2023: £nil) in respect of Phase III of the Burlington Project. The former comprises £1.7m (2023: £1.7m) as an annual donation. £1.2m (2023: £1.0m) of the annual donation relates to designated/restricted funds, whilst £0.5m (2023: £0.7m) relates to a just under 4% distribution from

unrestricted and general-purpose endowment/restricted funds broadly in line with the target annual distribution rate of 4% set by the trustees for year ended 31 August 2020 and future financial years.

During the year the investment portfolio increased from £50.0m to £52.2m. The portfolio returned £4.0m (c.7.7%), with drawdowns of £1.8m to fund donations to the Royal Academy. As at 31 August 2024, Sarasin were managing £5.3m in a Liquidity Fund set up for restricted funds for Phase III of the Burlington Project. Of the remaining funds of £46.9m, Partners Capital were managing c. 64% of assets under management, with Sarasin managing c. 26% and Evenlode c. 10%. Cash at bank held with Lloyds Bank Plc. increased from £0.2m to £0.3m during the year, with income from donations and legacies of £0.2m less expenditure on raising funds and drawdowns to fund donations to the Royal Academy totalling £0.1m.

Included in the above amounts are funds donated for the Royal Academy to be held in investments by the Charity. These funds are held by the Charity until they are required for specific projects of the Royal Academy and are invested by the Charity to provide future funding for the charitable objects of the Royal Academy. These are treated as assets of the Charity and are held for the maintenance, development, advancement, and preservation of the Royal Academy.

Investments

Since November 2008, management of the Charity's investment portfolios has operated under agreements with Partners Capital. Since June 2014, this has operated under a Discretionary Management Agreement.

During the year ended 31 August 2018, the remaining $17.2m (£13.2m) of a $23.0m pledge from a donor, who wished to remain publicly anonymous, was received; $5.8m (£4.0m) having been received in the year ended 31 August 2016. Of the £17.2m ($23.0m) received, £12.2m is being held as a permanent endowment; with £5.0m as a restricted fund to be made available to the Royal Academy when required for Phase III of the Burlington Project.

From November 2016 two further investment managers, Sarasin, and Troy, were engaged to initially manage the anonymous donor funds. Due to the size and nature of the endowment, the Investment Sub-committee took the opportunity to further diversify the Charity's overall investment portfolio and its counter-party risk. In January 2020, following a review of the overall strategic asset allocation of the portfolio, the Investment Sub-committee decided to divest from Troy's Trojan Fund, a diversified multi-asset fund, and Trojan Income Fund, a UK equity fund, in order to reinvest with an active global equity manager, Evenlode, who were appointed following a due tender process, and further rebalanced the overall asset allocation by trimming the level of investment with Sarasin and reinvesting these funds with Evenlode.

During the year ended 31 August 2023, the Charity set up a separate Liquidity Fund as a sub-account of its main mandate with Sarasin and £3.7m was divested from Sarasin's existing endowment portfolio and reinvested in this Liquidity Fund. A further £1.3m was transferred from Partners Capital funds. The Liquidity Fund invests in Certificates of Deposit of up to 12 months and a sterling liquidity fund. This £5.0m mandate is in respect of the restricted fund to be made available to the Royal Academy when required for Phase III of the Burlington Project. It is currently forecast that these funds will be needed by the Royal Academy during 2024 and 2025 with the construction phase of the Project expected to commence in the second half of 2025. £0.2m was distributed to the Royal Academy during the year ended 31 August 2024.

In addition to establishing this Liquidity Fund, the Investment Sub-committee also made changes to the overall strategic asset allocation for the remainder of the portfolio and the relative asset holdings of its three investment managers during the year ended 31 August 2023. Excluding the Liquidity Fund, the portfolio has c.75% of its assets in global equities (including c.20% in private equity) and c. 25% in other investment classes (including just under 10% in private debt).

The overall investment strategy is seeking to provide a reasonable level of return, while ensuring that the "real" value of the capital is maintained, such that the trustees will be able to continue similar distributions in the future. Distributions for restricted and unrestricted designated funds are in accordance with specific restrictions and distribution rates, at various rates up to 4%. The trustees have set an annual target distribution rate of 4% for unrestricted and general-purpose permanent endowment funds. To achieve this, a long-term investment objective of inflation plus 4% has been identified as appropriate. Whilst it is the intention to create an investment solution that meets this long-term objective, it is recognized that there will be periods when lower returns will be expected.

The primary purpose of the Partners Capital investment portfolio is to support the long-term operating and capital needs of the Royal Academy. To this end, the overall portfolio is managed to maximise the long-term total return of the portfolio, subject to maintaining a reasonable level of risk of loss. The main investment portfolio supports the operating and capital needs of the Royal Academy through an annual spending rate, which is reviewed periodically to ensure the spending rate is sustainable over the long-term.

The Trust's objective from the Partners Capital investment portfolio is to preserve and, if possible, to enhance the purchasing power of its assets, after annual spending and all costs and expenses, over rolling three-year periods. This objective implies a minimum time-weighted net return target for the Trust more than the RA's estimated cost inflation (estimated at 3.0%, based on forecast long run UK inflation of 3.0%) plus the spending rate (as defined above of 4% per annum). This equates to a minimum annual return of 7.0% p.a. Actual returns will need to be more than this minimum target to cover the costs of portfolio management and to provide a cushion over the longer-term.

The Charity's investment portfolio with Sarasin operates under a Discretionary Client Agreement signed in November 2016. The aim of the portfolio is to enhance the capital value over the longer term, whilst generating sufficient income to meet the Charity's requirements, for which a "real return" of 4% per annum has been targeted. The Charity's investments are held in the Sarasin Endowments Fund and the Sarasin Climate Active Endowments Fund; the objective of both these funds is to achieve long-term capital and income growth.

Since January 2020, the Charity has invested in the Evenlode Global Income Fund, which aims to produce attractive long-term total returns, with an emphasis on income. The fund aims to grow dividend income by a conservative 6% per annum, or about 3% real in the long-term. The fund further targets capital growth (excluding dividend income referred to above) of over 6% per annum or 3% real.

Endowments

The Charity has five permanent endowments. These are managed by the trustees on a total return basis. This means that the funds are invested to maximise the total return on investment without regard to whether that return is in the form of income from dividends or interest or capital appreciation. The trustees decide each year how much of that return is released to restricted income funds for spending and how much is retained for investment. The allocation is made on an equitable basis to balance the need to fund annual levels of distribution and the maintenance over time of the real value of the endowment. Until transferred, the unapplied total return remains invested as part of the permanent endowment.

The trustees have noted the value of the gift for each of the five permanent endowments received, since each fund was established. This provides the baseline value of the gift component of each endowment to which any subsequent gift of endowment is added. The difference between the total of the endowment fund and the value of the gift component represents the balance of unapplied total return. Having considered their obligations as outlined above, the trustees decided to make transfers from unapplied total return to restricted income funds for the year ended 31 August 2024 of £0.0m (2023: £0.1m) for the Ivor Rey scholarship fund to support the annual award to enable students of the Royal Academy Schools to visit Paris, France for the purpose of studying art; £0.2m (2023: £nil) from the Paul Mellon endowment fund to support Royal Academy revenue projects; £0.1m (2023: £0.1m) from the McAulay Scholarship Fund endowment to support students in the Royal Academy Schools; £0.0m (2023: £nil) from the Armando Garza Sada Sr. Memorial fund, which was established in 2022; and £0.6m (2023: £0.6m) for the anonymous donor fund. In making these decisions the trustees have taken account of the investment climate, the return on investment for the year, previous levels of allocations from the unapplied total returns and the income needs of the Charity.

Responsible Investment Policy

The Charity is committed to investing its funds on a socially responsible basis. In June 2021, the trustees approved the Charity's Ethical Investment Policy ("the Policy"). In May 2022, the Policy was reviewed by the Investment Sub-committee with minor amendments, including a change in the Policy name to the Responsible Investment Policy. This better reflects the objectives and principles contained in the Policy. This amended Policy was approved by the Trust Executive in September 2022, with an update provided to the full Trustee Board in September 2022. The Policy is now reviewed annually and is published on the Royal Academy's website, with last year's update including reference to the values set out in the Royal Academy's Strategic Plan 2023-2028. This states that "in everything we do and everyone we engage with we are guided by a strong ethical compass. We

take our responsibility towards the environment, social justice, and proper governance very seriously. In our work we meet fundamental principles in the areas of human rights, labour, the environment, and anti-corruption." The Policy has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the Charity's values of strong ethical principles. The Policy applies to the full scope of the investments held by the Charity. The Charity believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance ("ESG") issues.

The Investment Sub-committee monitors the operation and the effectiveness of the Policy and provides the trustees with an annual update. The third annual ESG review and report from the Investment Sub-committee in respect of the period to 31 August 2024 was presented to the full Trustee Board in October 2024. The Investment Sub-committee was pleased to report the progress made over the past year but hoped to see further improvements over the following 12 months. An ESG Sub-Group of the Investment Sub-committee was formed in early 2024 to undertake a deeper dive into ESG matters and will report its findings to the Investment Sub-committee in early 2025.

The Charity has identified two sets of principles which accord with its values and aspirations in this area, one relating to the operations of its fund managers and the other to setting appropriate standards for all its investments. Firstly, The United Nations Principles for Responsible Investment ("UNPRI"): these six principles have been developed, inter alia, to "better align investors with the broader objectives of society". The Charity therefore expects that its fund managers will be signatories of the UNPRI and follow its principles in the way they operate. Secondly, The United Nations Global Compact: The Charity supports the ten principles of the United Nations Global Compact, which stem from the acceptance that, as with the Charity itself, corporate sustainability starts with an entity's value system and a principled approach to the way it operates. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption.

In managing its investments, the Charity therefore expects its appointed investment managers to encourage good behaviour and discourage poor behaviour through the screening of investments (using the principles above or an equivalent framework) and through the direct engagement with the companies in which they invest. In doing so, they should promote sustainability, good business ethics, good employment practices and the transition to a low carbon economy.

The Charity is particularly concerned about the following ESG issues and will continue to adopt investment strategies that seek to minimise or, ideally, eliminate investments in companies with corporate behaviour leading to: environmental degradation and climate change; the manufacture of controversial weapons, including cluster munitions, landmines, biological and chemical weapons, nuclear and depleted uranium weapons; tobacco production, cultivation, and manufacture; and adult entertainment (pornography) production, distribution, retail, and ownership. Such investment strategies are not in line with the Charity's values and may damage the Charity's reputation and impact fundraising and so are not in the Charity's best interest.

During the two financial years to 31 August 2022, the Charity invested £5.0m in the Sarasin Climate Active Endowments Fund. The Charity further approved in February 2022 a commitment of c.£0.5m ($0.7m) to the 2022 vintage of the Partners Capital 15 degrees Fund, representing 50% of the annual £1.0m Private Equity commitment. In February 2024, the Charity approved a further c. £0.8m ($1.0m) commitment in the 15 degrees Fund II, representing 50% of the annual £1.6m Private Equity commitment. This fund will similarly focus on investments in technological innovation and advancing solutions which tackle pressing environmental and social challenges.

Related party transactions
Related party transactions are disclosed in note 20 to the financial statements.

Reserves policy
The Charity holds its free reserves as investment funds from which it can generate income and capital gains for the future support of the Royal Academy. The current statement of investment principles and the distribution policy recognise the objective of delivering financial support for the Royal Academy that will be sustainable for

the foreseeable future. The trustees have not established a minimum or maximum level of free reserves as they wish to be able to balance the need to respond to immediate special needs of the Royal Academy and to ensure sustained support. As at 31 August 2024, the Charity held total funds of £52.3m (2023: £50.2m), of which £16.8m (2023: £15.9m) were unrestricted funds for which £10.3m (2023: £9.7m) is both unrestricted and not designated; £22.1m (2023: £20.8m) endowment funds; and £13.4m (2023: £13.5m) restricted funds.

FUNDRAISING

The Charity has a cost of raising funds in the financial statements in relation to investment fund manager fees and staff costs for administering legacies to generate funds on behalf of the Royal Academy. The Charity does not actively fundraise and any approach to fundraising would take account of the Code of Fundraising Practice issued by the Fundraising Regulator. The Royal Academy is registered with the Fundraising Regulator, submits annual complaints returns to the Regulator and provides statements on particular areas of fundraising (including complaints) in its annual report. These complaints returns and statements include activities which might technically fall under the remit of the Charity. The Regulator has approved this arrangement and confirmed that the Charity is not required to maintain a separate registration with the Regulator.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 charity will continue in business;
- Observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Batia Ofer, Chair

12.12.24

Date:

Royal Academy Trust
Independent Auditors' Report to the Trustees of Royal Academy Trust

Opinion

We have audited the financial statements of the Royal Academy Trust ("the Charity") for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2024, and of its incoming resources and application of resources 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 Charities Act 2011.

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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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.

Other information (continued)

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 course of 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 themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 9, the trustees 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 trustees are responsible for assessing the Charity'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 trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Charity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Charity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Charity.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the Charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the Charity complies with these requirements by discussions with management and those charged with governance;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Charity and Charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Moore Kingston Smith LLP
Statutory Auditor

Date: 12 December 2024

6th Floor
9 Appold Street
London EC2A 2AP

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Royal Academy Trust
Statement of Financial Activities
For the year ended 31 August 2024

	Note	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total funds 2024 £	Total funds 2023 £ * see note 4 for comparatives
Income and endowments from:						
Donations and legacies	5	209,691	-	-	**209,691**	493,172
Investments	6	330,090	441,969	537,090	**1,309,149**	988,681
Total income		539,781	441,969	537,090	**1,518,840**	1,481,853
Expenditure on:						
Raising funds	8	(190,757)	-	(13,028)	**(203,785)**	(124,589)
Charitable activities						
Annual donation to the Royal Academy	7	(196,529)	(1,480,555)	-	**(1,677,084)**	(1,729,819)
Other donations to the Royal Academy	7	-	(200,000)	-	**(200,000)**	(2,000,000)
Total charitable activities		(196,529)	(1,680,555)	-	**(1,877,084)**	(3,729,819)
Total expenditure		(387,286)	(1,680,555)	(13,028)	**(2,080,869)**	(3,854,408)
Net gains / (losses) on investments	11	727,902	246,931	1,747,181	**2,722,014**	(550,427)
Net income / (expenditure)		880,397	(991,655)	2,271,243	**2,159,985**	(2,922,982)
Transfers between funds	15,16	-	926,436	(926,436)	**-**	-
Total funds brought forward		15,914,516	13,485,668	20,794,762	**50,194,946**	53,117,928
Total funds carried forward		**16,794,913**	**13,420,449**	**22,139,569**	**52,354,931**	50,194,946

All gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing operations.

The notes on pages 17 to 31 form part of these financial statements.

Royal Academy Trust
Balance Sheet as at 31 August 2024

	Note	2024 £	2023 £
Fixed assets			
Investments	11	**52,165,701**	50,029,525
Current assets			
Debtors	12	**36,566**	95,198
Cash at bank and in hand		**276,755**	207,254
Total current assets		**313,321**	302,452
Liabilities			
Creditors - amounts falling due within one year	13	**(124,091)**	(137,031)
Net current assets		**189,230**	165,421
Net assets		**52,354,931**	50,194,946
The funds of the charity:			
Endowment funds	15	**22,139,569**	20,794,762
Restricted funds	16	**13,420,449**	13,485,668
Unrestricted funds:			
Designated	17	**6,463,666**	6,234,418
Other		**10,331,247**	9,680,098
Total unrestricted funds		**16,794,913**	15,914,516
Total charity funds		**52,354,931**	50,194,946

Approved by the Trustees and authorised for issue on 12.12.24.

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Batia Ofer, Chair

Royal Academy Trust
Statement of Cash Flows
For the year ended 31 August 2024

	Note	2024 £	2023 £
Net cash used in operating activities	14	**(1,715,283)**	(3,309,350)
Cash flow from investing activities			
Dividends and interest from investments	6	**1,309,149**	988,681
Fund manager fees	8	**(110,203)**	(36,373)
Payments to acquire fixed asset investments	11	**(16,230,675)**	(11,957,658)
Proceeds from investment disposals	11	**16,464,621**	14,974,522
Net movement in cash held in the investment portfolio	11	**351,892**	(726,581)
Net cash provided by investing activities		**1,784,784**	3,242,591
Net increase / (decrease) in cash and cash equivalents		**69,501**	(66,759)
Cash and cash equivalents at the beginning of the year		**207,254**	274,013
Cash and cash equivalents at the end of the year		**276,755**	207,254

1 General information

Royal Academy Trust ("the Charity") is a registered charity established to serve public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The registered office is Burlington House, Piccadilly, London.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The Charity is a Public Benefit Entity as defined by FRS 102.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. Going concern

The trustees consider that there are no material uncertainties affecting the Charity's ability to continue as a going concern for at least twelve months from the date of approval of the accounts.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

2 Summary of significant accounting policies (continued)

d. Funds structure (continued)

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are used at the trustees' discretion in furtherance of the general objectives of the Charity, including the general fund which represents the Charity's reserves. The major funds held in each of these categories are disclosed in notes 15 to 17.

e. Income

All income is recognised once the Charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

Donations are accounted for when received.

Legacies are accounted for as income where there is clear entitlement; the amount can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the Charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

h. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities ("SOFA").

i. Raising funds

The costs of raising funds are those costs attributable to generating income for the Charity. These represent the legacy manager's salary costs, investment management fees and governance costs. Governance costs are primarily concerned with constitutional and statutory requirements.

2 Summary of significant accounting policies (continued)

j. Charitable activities

Costs of charitable activities comprise the donations made to the Royal Academy. Generally, donations are accounted for when paid. However, where the Royal Academy has incurred expenditure on a major capital project on the basis of a commitment from the Charity to reimburse costs, any costs not covered by donations paid in the year are provided for.

k. Investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. The SOFA includes any realised or unrealised gain / loss during the year.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

l. Realised gains and losses

All gains and losses are taken to the SOFA as these arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value or later purchase price. Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value or later purchase price.

m. Foreign currencies

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

n. Financial instruments

Financial instruments are recognised in the Charity's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

2 Summary of significant accounting policies (continued)

n. Financial instruments (continued)

Other financial assets

Other financial assets, including investments in equity instruments, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Prior year comparatives by type of fund

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total funds 2023 £
Income and endowments from:				
Donations and legacies	407,424	85,748	-	**493,172**
Investments	242,261	142,157	604,263	**988,681**
Total income	649,685	227,905	604,263	**1,481,853**
Expenditure on:				
Raising funds	(120,815)	-	(3,774)	**(124,589)**
Charitable activities				
Annual donation to the Royal Academy	(682,564)	(1,047,255)	-	**(1,729,819)**
Other donations to the Royal Academy	(2,000,000)	-	-	**(2,000,000)**
Total charitable activities	(2,682,564)	(1,047,255)	-	**(3,729,819)**
Total expenditure	(2,803,379)	(1,047,255)	(3,774)	**(3,854,408)**
Net losses on investments	(251,502)	(8,937)	(289,988)	**(550,427)**
Net income / (expenditure)	(2,405,196)	(828,287)	310,501	**(2,922,982)**
Transfers between funds	-	690,624	(690,624)	**-**
Total funds brought forward	18,319,712	13,623,331	21,174,885	**53,117,928**
Total funds carried forward	**15,914,516**	**13,485,668**	**20,794,762**	**50,194,946**

5 Income from donations and legacies

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total 2024 £	Total 2023 £
General	158,650	-	-	**158,650**	425,803
Revenue projects:					
Schools	51,041	-	-	**51,041**	67,369
Total revenue projects	51,041	-	-	**51,041**	67,369
Total	**209,691**	**-**	**-**	**209,691**	493,172

6 Income from investments

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	**Total 2024 £**	Total 2023 £
Listed investments	313,864	434,345	520,799	**1,269,008**	972,365
Bank interest	16,226	7,624	16,291	**40,141**	16,316
Total	**330,090**	**441,969**	**537,090**	**1,309,149**	988,681

7 Analysis of expenditure on charitable activities

In the current year, the Charity made donations of £1,877,084 (2023: £3,729,819) to the Royal Academy, representing £nil (2023: £2,000,000) to the Coronavirus Emergency Support Fund; £200,000 (2023: £nil) for Burlington Project - Phase III; £nil (2023: £1,648) for the cataloguing project; £180,000 (2023: £92,500) for the Heinz Architecture Programme; £319,497 (2023: £282,497) for the Royal Academy Schools; £6,410 (2023: £6,410) for the Library; and £5,000 (2023: £5,000) for the Casson Drawing Prize in the Summer Exhibition, with the balance donated in support of the general activities of the Royal Academy.

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	**Total 2024 £**	Total 2023 £
Annual donation to the Royal Academy	196,529	1,480,555	-	**1,677,084**	1,729,819
Royal Academy revenue projects:					
General	-	-	-	**-**	2,000,000
Total revenue projects	**-**	**-**	**-**	**-**	2,000,000
Royal Academy capital projects:					
Burlington Project - Phase III	-	200,000	-	**200,000**	-
Total capital projects	**-**	**200,000**	**-**	**200,000**	-
Total	**196,529**	**1,680,555**	**-**	**1,877,084**	3,729,819

8 Analysis of expenditure on raising funds

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	**Total 2024 £**	Total 2023 £
Fund manager fees	97,175	-	13,028	**110,203**	36,373
Staff costs	68,292	-	-	**68,292**	66,107
Auditors' remuneration	23,159	-	-	**23,159**	19,019
Bank charges	92	-	-	**92**	95
Exchange rate losses	87	-	-	**87**	213
Miscellaneous	1,952	-	-	**1,952**	2,782
Total	**190,757**	**-**	**13,028**	**203,785**	124,589

9 Trustees' remuneration, benefits and expenses

The President, the Treasurer, and the Secretary and Chief Executive of the Royal Academy, who are ex-officio legal trustees of the Charity and members of its Executive Committee, are paid remuneration by the Royal Academy, for which no recharge is made to the Charity. It is not possible to make a reasonable apportionment of their remuneration in respect of their services to the Charity. Accordingly, the disclosures regarding remuneration for key management personnel of the Charity include no amounts in respect of the President, the Treasurer, and Secretary and Chief Executive of the Royal Academy. Remuneration excluding pension contributions was paid by the Royal Academy as follows: the President - £70,000 (2023: £70,000); the Treasurer - £40,000 (2023: £40,000); and the Secretary and Chief Executive - £237,190 (2023: £230,134). In addition, the Secretary and Chief Executive received pension contributions totalling £23,719 (2023: £20,921). The President and the Treasurer did not receive any pension contributions (2023: same).

The Charity's other trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee, or person related or connected by business to them, has received any remuneration from the Charity during the current or prior year. No expenses were reimbursed to trustees for travel to attend committee meetings of the Charity during the current or prior year.

10 Analysis of staff costs

The trustees have concluded that the Executive Committee comprise the key management personnel of the Charity. No remuneration was paid to key management personnel (2023: £nil). However, as disclosed in note 9 above, the President, the Treasurer, and the Secretary and Chief Executive of the Royal Academy, who are members of the Executive Committee, are paid remuneration by the Royal Academy.

	2024	2023
	£	£
Salaries and wages	**57,721**	55,070
Social security costs	**4,799**	5,509
Employers pension contribution	**5,772**	5,528
Total	**68,292**	66,107

Salary costs represent the cost of staff employed by the Royal Academy and recharged to the Charity. The average number of permanent staff engaged by the Charity in 2024 was 1 (2023: 1).

11 Investments

Movement in market value of investments	**2024**	2023
	£	£
Market value brought forward	**49,133,054**	52,700,345
Additions to investments at cost	**16,230,675**	11,957,658
Proceeds on disposal	**(16,464,621)**	(14,974,522)
Net gains / (losses) on investments	**2,722,014**	(550,427)
Market value of investments at 31 August	**51,621,122**	49,133,054

Market value of investments by type		**2024**	2023
		£	£
Bonds		**3,477,572**	3,257,462
Property		**1,369,131**	1,461,124
Global equities		**21,333,989**	18,784,906
UK equities		**9,303,378**	9,752,246
Hedged equities		**1,619,634**	1,498,142
Absolute return		**3,713,712**	3,417,024
Alternative investments		**943,514**	1,018,932
Liquid assets		**9,860,192**	9,943,218
Total market value of investments	[Historic cost of investments £38,146,802 (2023: £37,821,762)]	**51,621,122**	49,133,054
Cash holdings		**544,579**	896,471
Total		**52,165,701**	50,029,525

Investments under management were:	**2024**	2023
Partners Capital LLP	**29,672,100**	29,001,919
Sarasin & Partners LLP	**17,644,539**	16,428,118
Evenlode Investment Management Limited	**4,849,062**	4,599,488
Total	**52,165,701**	50,029,525

All investments are carried at their fair value.

Significant investment holdings as a % of total investment portfolio based on market value at 31 August were:

	2024	2023
Sarasin Endowments Fund	**13.08%**	12.09%
Sarasin Liquidity Fund	**10.25%**	10.21%
Sarasin Climate Active Endowments Fund	**10.17%**	9.26%
Evenlode Global Income Fund	**9.30%**	9.19%
Partners Capital Phoenix Fund II Ltd	**7.41%**	7.95%
Partners Capital The Master Portfolio (C) Ltd	**7.16%**	6.46%
Vanguard ESG Developed World	**5.03%**	4.22%
Partners Capital Harrier Fund (C) Ltd	**4.67%**	4.51%
Partners Capital Greyhawk Fund, LP	**4.15%**	3.80%
Partners Capital Condor Fund XII	**3.28%**	3.28%
Total	**74.50%**	70.97%

12 Debtors	2024	2023
	£	£
Amounts due from R.A. Enterprises Limited	**35,609**	95,198
Accrued income	**957**	-
Total	**36,566**	95,198

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors - amounts falling due within one year	2024	2023
	£	£
Amounts due to the Royal Academy	**54,777**	96,752
Accruals	**69,314**	40,279
Total	**124,091**	137,031

14 Notes to the statement of cash flows	2024	2023
	£	£
Net income / (expenditure)	**2,159,985**	(2,922,982)
Adjustments for:		
- (Gains) / losses on investments	**(2,722,014)**	550,427
- Dividends and interest from investments	**(1,309,149)**	(988,681)
- Fund manager fees	**110,203**	36,373
- Decrease / (increase) in debtors	**58,632**	(56,072)
- (Decrease) / increase in creditors	**(12,940)**	71,585
Cash flow used in operating activities	**(1,715,283)**	(3,309,350)

15 Analysis of endowment funds

		Balance at 2023 £	Investment returns less fund manager fees £	Unapplied total return allocated to income £	Balance at 2024 £
The Ivor Rey scholarship fund:	a				
- Trust for investment		404,400	-	-	**404,400**
- Unapplied total return		328,774	45,504	(14,532)	**359,746**
Paul Mellon endowment fund:	b				
- Trust for investment		3,039,283	-	-	**3,039,283**
- Unapplied total return		-	188,630	(188,630)	**-**
Anonymous donor fund:	c				
- Trust for investment		12,229,042	-	-	**12,229,042**
- Unapplied total return		2,954,401	1,922,982	(640,000)	**4,237,383**
McAulay Scholarship fund:	d				
- Trust for investment		1,265,918	-	-	**1,265,918**
- Unapplied total return		197,944	90,853	(60,000)	**228,797**
Armando Garza Sada Sr. Memorial fund:	e				
- Trust for investment		375,000	-	-	**375,000**
- Unapplied total return		-	23,274	(23,274)	**-**
Total		**20,794,762**	**2,271,243**	**(926,436)**	**22,139,569**

The anonymous donor fund is primarily invested with Sarasin & Partners LLP (“Sarasin”) and Evenlode Investment Management Limited (“Evenlode”), with the balance invested with Partners Capital LLP ("Partners Capital").

a. The Ivor Rey scholarship fund

In March 2013, £361,303 was received from the estate of Ivor Rey to establish the Ivor Rey scholarship fund which is held as a permanent endowment and is being accounted for on a total return basis. A further £43,097 was received in December 2016. The purpose of the fund is to provide an annual award from investment returns to enable students of the Royal Academy of Arts Schools ("Royal Academy Schools") to visit Paris, France for the purpose of studying art.

b. Paul Mellon endowment fund

The Paul Mellon endowment fund was established in 2000 by a $5,000,000 / £3,039,283 legacy from Paul Mellon. It is held as a permanent endowment and is being accounted for on a total return basis. The terms of the bequest restrict the investment returns arising from it to the general purpose of the Royal Academy.

c. Anonymous donor fund

A donor, whose identity is known to the Charity, but who wished to remain publicly anonymous pledged $23,000,000 in October 2015, to be paid in eight equal annual instalments from December 2015, but with the donor having the right to accelerate any one or more of such instalments. $15,333,333 (£10,000,000 based on the exchange rate at date of pledge) is to be held as a permanent endowment and is being accounted for on a total return basis, with investment returns generated being available to the Royal Academy for unrestricted revenue projects from June 2022, with the remaining $7,666,667 (£5,000,000 based on the exchange rate at date of pledge) being available to the Royal Academy for a restricted capital project, Burlington Project - Phase III.

Two instalments were received ($5,750,000 / £3,966,198) in the period to 31 August 2016. Payment of the remaining instalments was accelerated, with the balance received during the year ended 31 August 2018. £12,229,042 ($15,000,000) is included in the endowment funds above (including a £2,229,042 realised foreign exchange gain), with £5,000,000 included in restricted funds - Burlington Project III (see note 16).

d. McAulay Scholarship fund

A donation of $1,323,364 / £1,066,455 was received from the McAulay family in August 2020 to support two full scholarships for students at the Royal Academy Schools in perpetuity. The donor's expressed intention was for these funds to "top up" the existing fund established in 1998 to provide fees and maintenance for a student at the Royal Academy Schools. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the scholarships.

e. Armando Garza Sada Sr. Memorial fund

A donation of £375,000 was received from Brenda Garza in April 2022 to support an annual symposium in memory of Armando Garza Sada Sr. which will focus on an artist, or artists, that have been significantly underrepresented within art history. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the symposium.

16 Analysis of restricted funds

		Balance at 2023 £	Income and fund growth in year £	Utilised in year £	Unapplied total return from endowments £	Balance at 2024 £
Heinz Architecture fund	16.a	4,502,074	268,246	(180,000)	-	**4,590,320**
Salaman-Seelig art fund	16.b	79,452	4,497	(7,000)	-	**76,949**
The Ivor Rey scholarship fund	15.a	24,708	632	(14,532)	14,532	**25,340**
Paul Mellon endowment fund	15.b	546,938	1,362	(525,000)	188,630	**211,930**
Anonymous donor fund	15.c	620,000	-	(620,000)	640,000	**640,000**
McAulay Scholarship fund	15.d	50,000	-	(50,000)	60,000	**60,000**
Armando Garza Sada Sr. Memorial fund	15.e	11,148	-	(11,148)	23,274	**23,274**
Greenham fund	16.c	218,062	13,130	(6,510)	-	**224,682**
The Starr Fellowship	16.d	1,328,329	80,661	(28,685)	-	**1,380,305**
Weiss fund	16.e	22,509	1,354	(680)	-	**23,183**
Burlington Project - Phase III	16.f	5,274,547	271,172	(200,000)	-	**5,345,719**
The Thorogood Smith Scholarship	16.g	656,515	39,195	(25,000)	-	**670,710**
James Paradise Annual Giving Fund	16.h	151,386	8,651	(12,000)	-	**148,037**
Total		**13,485,668**	**688,900**	**(1,680,555)**	**926,436**	**13,420,449**

The Burlington Project - Phase III fund is invested with Sarasin in a Liquidity Fund. All other funds are invested with Partners Capital.

a. Heinz Architecture fund

The Heinz Architecture fund comprises a major donation received in 1993 to support the development of the architecture programme of the Royal Academy. The trustees make a donation each year to support the costs of the programme.

b. Salaman-Seelig art fund

The Salaman-Seelig art fund was established in 2016 by a £71,550 legacy from Auriol Seelig. The purpose of the fund is to make an annual award to a 2nd year student of the Royal Academy Schools. It is anticipated that the award will be made for 12 consecutive years.

c. Greenham fund

The Greenham fund was established in 1992 through donations from trusts, private individuals and an auction of donated works. The purpose of the fund is to provide a three year bursary for a student of the Royal Academy Schools, selected by the Keeper of the Royal Academy Schools.

16 Analysis of restricted funds (continued)

d. The Starr Fellowship

The Starr Fellowship was established in 1987, with subsequent donations in 1998, 1999, 2000, 2001 and 2004. The fund is used to support an annual fellowship for American nationals with a contemporary art practice with a bursary of £28,685 and to support the Royal Academy Schools general running costs that allow the fellowship to be offered.

e. Weiss fund

The Weiss fund was established in 2005 by a donation of £10,000 from Edna Weiss. The purpose of the fund is to make an annual award of £680 to a student of the Royal Academy Schools working in a figurative style.

f. Burlington Project - Phase III

As disclosed in note 15.c, a donor, whose identity is known to the Charity but who wished to remain publicly anonymous, donated £5,000,000 in 2018 to the Burlington Project - Phase III. In both 2018 and 2019 £500,000 was donated to the Royal Academy in respect of costs incurred to date by the Royal Academy on this project, with the remaining £4,000,000 (before investment returns) being held by the Charity until required by the Royal Academy. A further £200,000 was donated to the Royal Academy in 2024.

g. The Thorogood Smith Scholarship

The Thorogood Smith Scholarship was established in 2022 by a legacy of £550,000 from Janet Smith. A further £85,748 was received in November 2022. The purpose of the fund is to provide a scholarship to one student of the Royal Academy Schools, with the investment returns being used to cover the cost of tuition and to provide an annual bursary to the student. If a suitable student can be found with the necessary talent, the scholarship will be given to a Mouth and Foot Painting Artist from the charity MFPA (registered charity number 328151).

h. James Paradise Annual Giving Fund

The James Paradise Annual Giving Fund was established in 2022 by a donation of £150,000 from James Paradise. The purpose of the fund is to provide two annual prizes of £3,000 each to two students of the Royal Academy Schools for their works in the annual Premiums show.

17 Analysis of designated funds

The trustees have designated the funds detailed below out of unrestricted funds:

		Balance at 2023 £	Utilised in year £	Income and fund growth in year £	Balance at 2024 £
General	a	1,844,942	(52,730)	111,232	**1,903,444**
Sir Roger de Grey Memorial Fund	b	158,014	(3,529)	9,588	**164,073**
Casson Award	c	390,975	(5,000)	23,955	**409,930**
Eranda Professor	d	172,414	(5,170)	10,380	**177,624**
Cheneviére Travel Award	e	191,651	(5,740)	11,538	**197,449**
Schools Portfolio Fund	f	172,784	(5,180)	10,402	**178,006**
Patricia Turner Award	g	395,456	(11,850)	23,808	**407,414**
The Pauline Sitwell Bursary Fund	h	469,292	(14,060)	28,254	**483,486**
Maintenance Fund	i	2,438,890	(93,270)	196,620	**2,542,240**
Total		**6,234,418**	**(196,529)**	**425,777**	**6,463,666**

a. General

In 1998, the Charity received £1,359,212 from the Royal Academy in respect of several small trusts. These trusts represent funds donated in support of scholarships and prizes in the Royal Academy Schools; maintenance of the Royal Academy Collections; and the general purposes of the Royal Academy. The Charity Commission gave permission for these funds to be transferred to the Charity on the basis of the improvements to investment performance and administration likely to ensue. These funds have been treated as designated funds that have been set aside out of the unrestricted funds by the trustees for specific purposes.

b. Sir Roger de Grey Memorial Fund

The fund was launched in 1996 to establish a source of funds to provide student maintenance grants for students at two independent institutions with which Sir Roger was associated: the Royal Academy Schools and the City & Guilds of London Art School. Sir Roger was President of the Royal Academy from 1984 to 1993 and Principal of the City & Guilds from 1973 until his death in 1995. Funds totalling £80,000 were invested on the understanding that annual maintenance grants would be made to each fine art school (split evenly between them).

c. Casson Award

The fund was created in 2001 to establish a prize for drawing to be awarded during the Summer Exhibition with initial funds totalling £107,000. The fund was increased in 2013 and 2015 through bequests of £88,482 and £20,152 respectively received from the estate of Mrs Anne Marjorie Crosthwait.

d. Eranda Professor

The fund was created in 2001 to establish a professorship in the Royal Academy Schools. An initial donation of £120,000 from the Eranda Foundation was earmarked for investment by the Charity on the understanding that this would fund a professor in the Royal Academy Schools. Further funds of £20,000 were donated in 2012 by the Trustees of the Eranda Foundation.

e. Cheneviére Travel Award

The fund was launched in 2001 to establish a source of funds to provide a travel bursary for a student in the Royal Academy Schools. Funds totalling £144,000, raised by the Cheneviére family, were earmarked by the trustees and invested on the understanding that a travel award would be made each year to a student in the Royal Academy Schools.

17 Analysis of designated funds (continued)

f. Schools Portfolio Fund

The fund was created in 2001 to establish a source of funds providing maintenance for students at the Royal Academy Schools.

g. Patricia Turner Award

In November 2001 the Charity earmarked £200,000 of donations to establish a fund to provide a grant to a graduating student in 3D media.

h. The Pauline Sitwell Bursary Fund

In May 2012, £250,000 from Pauline Sitwell's bequest to the Royal Academy, as a whole group, was paid directly to the Charity to establish the Pauline Sitwell Bursary Fund. The purpose of the fund is to provide an annual bursary award to assist students of the Royal Academy Schools with living costs. The annual award was set at £7,500 per annum, but is subject to annual review by trustees of the Charity. The current level of the bursary is £14,060.

i. Maintenance Fund

The fund was created in 2004 to provide maintenance for students at the Royal Academy. In addition to investment returns, a total of £51,041 has been added to this fund during 2024 (2023: £67,369), arising from fundraising activities.

An annual donation is made from each designated fund to the Royal Academy in line with the wishes of each fund. This will continue until each fund has been fully drawndown.

Analysis of net assets between designated funds	**Investments £**	**Net current assets £**	**Total net assets £**
General	1,903,444	-	**1,903,444**
Sir Roger de Grey Memorial Fund	164,073	-	**164,073**
Casson Award	409,930	-	**409,930**
Eranda Professor	177,624	-	**177,624**
Cheneviére Travel Award	197,449	-	**197,449**
Schools Portfolio Fund	178,006	-	**178,006**
Patricia Turner Award	407,414	-	**407,414**
The Pauline Sitwell Bursary Fund	483,486	-	**483,486**
Maintenance Fund	2,441,789	100,451	**2,542,240**
Total	**6,363,215**	**100,451**	**6,463,666**

18 Analysis of net assets between funds

	Investments £	**Net current assets £**	**Total net assets £**
Endowment funds	22,139,569	-	**22,139,569**
Restricted funds	13,420,449	-	**13,420,449**
Unrestricted funds:			
Designated	6,363,215	100,451	**6,463,666**
Other	10,242,468	88,779	**10,331,247**
Total	**52,165,701**	**189,230**	**52,354,931**

19 Financial instruments

The financial statements include the following in respect of items held at fair value at 31 August:

	2024	2023
	£	£
Financial assets measured at amortised cost	**36,566**	95,198
Financial liabilities measured at amortised cost	**124,091**	137,031
Financial assets measured at fair value through the SOFA	**52,165,701**	50,029,525

20 Related party transactions

The Charity donated £1,877,084 (2023: £3,729,819) to the Royal Academy to support various campaigns. At the year end £54,777 was outstanding and included within creditors (2023: £96,752).

R.A. Enterprises Limited made a donation of £35,609 (2023: £56,073) to the Charity for future funding of the Royal Academy Schools. At the year end £35,609 (2023: £95,198) was outstanding and included within debtors.

Royal Academy Trust

England & Wales - Charity number 1067270

Accounts

ROYAL ACADEMY TRUST

Registered Charity No. 1067270

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2023

Royal Academy Trust
Reference and Administrative Details

Trustees in the financial year and at the date of signing:
Lady Myners (Chair) (retired 11 December 2023)
Batia Ofer (Chair) (appointed 11 December 2023)
Robert Suss (Deputy Chair) (retired 26 September 2023)
Sally Tennant OBE (appointed 21 March 2023; appointed Deputy Chair 11 December 2023)
President of The Royal Academy of Arts (Ex officio) - Rebecca Salter PRA
Treasurer of The Royal Academy of Arts (Ex officio) - Prof Peter St John (Adam Caruso and Peter St John RA)
Secretary and Chief Executive of The Royal Academy of Arts (Ex officio) - Axel Rüger
Clara Amfo
Stefan Bollinger
Aryeh Bourkoff
Varun Chandra (retired 23 September 2023)
Melanie Clore
Lady Deighton (retired 31 October 2022)
Sir Lloyd Dorfman CBE (retired 4 January 2023)
Pesh Framjee
Lady Heywood (retired 21 March 2023)
Clive Humby OBE
Dame Vivian Hunt DBE
Nicole Junkermann (appointed 14 June 2023)
Dame Carolyn Julia McCall DBE
Scott Mead
Siobhan Moriarty-MacDonnell (appointed 21 March 2023)
Paulo Pereira (appointed 14 June 2023)
Elbert O'Neal Robinson (appointed 21 September 2022)
Ina Sandmann
Sian Westerman (retired 14 June 2023)
Katy Wickremesinghe (appointed 21 September 2022)
The Hon William Yerburgh

Emeritus and Honorary Trustees
Lord Aldington
Susan Burns
Sir James Butler CBE DL
Sir David Cannadine FBA
Sir Richard Carew Pole Bt OBE DL
Sir Trevor Chinn CVO
John Coombe
Elizabeth Crain
Lord Davies of Abersoch CBE
Sir Lloyd Dorfman CBE (appointed 28 March 2023)
Ambassador Edward E Elson
John Entwistle OBE
Michael Gee
HRH Princess Marie-Chantal of Greece
C. Hugh Hildesley
Anya Hindmarch CBE

Emeritus and Honorary Trustees (continued)
Susan Ho
Lady Lever
Sir Sydney Lipworth KC
The Rt Hon The Lord Luce, GCVO DL
Philip Marsden
Sir Keith Mills GBE DL
Ludovic de Montille
John Raisman CBE
Sir Simon Robertson
Lord Rose of Monewden
Sir Evelyn de Rothschild (deceased 8 November 2022)
Maryam Diener nee Sachs
Richard Sharp
David Stileman
Robert Suss (appointed 26 September 2023)
Peter Williams

Executive Committee
Lady Myners (Chair) (retired 11 December 2023)
Batia Ofer (Chair) (appointed 11 December 2023)
Robert Suss (Deputy Chair) (retired 26 September 2023)
Sally Tennant OBE (appointed 21 March 2023; appointed Deputy Chair 11 December 2023)
Prof Peter St John (Adam Caruso and Peter St John RA)
Axel Rüger
Rebecca Salter PRA
Pesh Framjee
Lady Heywood (retired 21 March 2023)
The Hon William Yerburgh

Investment Sub-committee membership in the financial year and at the date of signing:
Sally Tennant OBE (Chair) (appointed 21 March 2023)
Alice Ryder (acting Chair from 7 September 2022 to 21 March 2023)
Adam Bennett (retired 17 May 2023)
Heinrich Merz (appointed 26 September 2023)
Stephen Nelson
Alice Ryder
Robert Suss (retired 26 September 2023)
Nigel Thomas
Andrew Threadgold
The Hon William Yerburgh (appointed 9 November 2022)

Registered Office
Burlington House
Piccadilly
London W1J 0BD

Royal Academy Trust
Reference and Administrative Details

Advisers:

Auditors
Moore Kingston Smith LLP
6th Floor
9 Appold Street
London EC2A 2AP

Bankers
Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2V 7HN

Solicitors
Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Withers LLP
16 Old Bailey
London EC4M 7EG

Investment Managers
Partners Capital LLP
5th Floor
5 Young Street
London W8 5EH

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Evenlode Investment Management Limited
The Long Barn
Chalford Park Barns
Oxford Road
Chipping Norton
Oxfordshire OX7 5QR

Royal Academy Trust
Trustees' Report
For the year ended 31 August 2023

The trustees present their report and financial statements for the year ended 31 August 2023.

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

Royal Academy Trust ("the Charity" or "the Trust") was established under a Trust Deed dated 11 February 1981 to serve the public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy" or "the Academy"). The Trust became separately registered as a charity on 8 January 1998. The Trust Deed has been amended several times, including in June 2019, to change the name of the Trust from Royal Academy Development Trust to Royal Academy Trust and to amend term limits for appointed trustees (see below under "Governance and management").

Governance and management

The Charity is governed by trustees, who are men and women of distinction from business and the wider community.

The maximum number of trustees is 35 at any one point in time. The trustees consist of the President, Treasurer and the Secretary and Chief Executive of the Royal Academy, *ex officio*, and other trustees who shall serve a three year initial term, after which they are eligible for a three year renewal term, and in exceptional circumstances further terms each of no more than three years.

The trustees and officers who served during the year ended 31 August 2023 and at the date of signing are shown on pages 1 and 2 of the annual report and financial statements.

The management of the funds and distributions to the Royal Academy up to £1.25m per annum has been delegated to the Charity's Executive Committee, chaired by the Chair of the Trust. The Charity's Executive Committee has further delegated authority to manage distributions to the Royal Academy from the anonymous donor fund, which comprises both a permanent endowment element and a restricted fund for a future capital project. Other distributions to the Royal Academy for more than this must be approved by the full Trustee Board. The timing and execution of such distributions may be delegated to the Charity's Executive Committee.

The trustees are responsible for approving adequate arrangements for induction and training for new trustees and to this end a programme has been arranged to include formal inductions by the Chair and by the Royal Academy General Counsel, together with an informative welcome pack and an introductory tour. Key documents and information are re-circulated to current trustees on an annual basis.

The trustees have a risk management process. Risks are recorded in a Risk Register and mitigating actions implemented and monitored. The major risk for the Charity is exposure to a volatile financial market. This is mitigated by the frequent monitoring and broad spread of the funds to managed investments. This risk, along with any other is considered by the trustees and is part of the Risk Register reviewed by the Charity's Investment Sub-committee and Executive Committee on at least an annual basis.

The main investment portfolio is managed by the trustees, through the Investment Sub-committee, based on advice from Partners Capital LLP ("Partners Capital"). Further investment funds are held with Sarasin & Partners LLP ("Sarasin") and Evenlode Investment Management Limited ("Evenlode"). These managers are similarly overseen by the Investment Sub-committee.

The Investment Sub-committee advises the board of trustees on investment policy and risk. The Investment Sub-committee comprises trustees with investment experience and non-trustees chosen for their experience of investment management.

Charity Governance Code

The Charity and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

During the financial year the Charity:

- Continued to provide its recently enhanced induction information to new trustees, including a "questions and answers" document, authored by the Charity's Chair. The document provides information on the Royal Academy's history; its wider governance structure (as well as the Charity's, more specifically); roles and responsibilities across the Royal Academy and how these interact with the role of the Charity and its trustees; and key challenges facing the Charity.
- Continued to review appointments and develop the constitution of the trustee board, to comply with term limits and good governance practice.

The Charity continued to work to specific policies and procedures which apply across the Royal Academy, such as those relating to gift acceptance based on recommendations from the dedicated Ethics Advisory Group.

Royal Academy Trust
Trustees' Report
For the year ended 31 August 2023

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The object of the Charity is the maintenance, development, advancement and preservation of the Royal Academy, a legally separate charity based in London, through which the arts of design are promoted by its charitable objects, which are stated as:

- The promotion of the arts of design.
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

Current activities and objectives

- Provision of revenue support for the activities of the Royal Academy through an annual donation funded by returns from the Charity's investment funds.
- Managing the growth of the Charity's investment funds and maintaining an appropriate level of risk through the Investment Sub-committee.
- Offering expertise, networks and support to the Senior Leadership Team and staff of the Royal Academy in all areas of their work.

Future plans

- The Trust is working with the Development Department of the Royal Academy to develop a new project which will seek to raise funds to continue to guarantee a free education for the students at the Royal Academy Schools. The Academy has offered free tuition in the Royal Academy Schools since its inception in 1769 to the current date, a unique post graduate course which provides artists from all over the world with an extraordinary opportunity which is not available elsewhere. The Trust will work to secure the future of the Royal Academy Schools and learning at the Academy, with an emphasis on ensuring the widest benefit to a culturally diverse young audience, and to the disadvantaged who might not ordinarily be able to come to the Academy. In addition, the Trust seeks to share with these audiences for their enjoyment, the many other exceptional activities and exhibitions held by the Academy.

In setting these objectives, the trustees confirm that they comply with their duty in section 17 of the Charities Act 2011 to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE

Financial review

Income for the year ended 31 August 2023 totalled £1.5m (2022: £2.1m). There were donations of £0.5m in support of Royal Academy cultural activities (2022: £1.2m). There was also £1.0m of investment income (2022: £0.9m). Net losses on investments were £0.6m (2022: £0.1m).

Donations to the Royal Academy of £3.7m (2022: £1.1m) were made up of £1.7m (2022: £1.1m) in support of revenue projects and £2.0m (2022: £nil) as emergency support funding to mitigate the ongoing financial impact to the Royal Academy of the pandemic. This donation was originally pledged in November 2020. The former comprises £1.7m (2022: £1.0m) as an annual donation and £nil (2022: £0.1m) for specific projects. £1.0m (2022: £0.3m) of the annual donation relates to designated/restricted funds, whilst £0.7m (2022: £0.7m) relates to a just under 4% distribution from unrestricted and general-purpose endowment/restricted funds broadly in line with the target annual distribution rate of 4% set by the trustees for year ended 31 August 2020 and future financial years.

During the year the investment portfolio reduced from £52.9m to £50.0m. The portfolio returned £0.4m in challenging market conditions, with drawdowns of £3.2m to fund donations to the Royal Academy. As at 31 August 2023, Sarasin were managing £5.1m in a Liquidity Fund set up for restricted funds for Phase III of the Burlington Project. Of the remaining funds of £44.9m, Partners Capital were managing c. 65% of assets under management, with Sarasin managing c. 25% and Evenlode c. 10%. Cash at bank held with Lloyds Bank Plc. reduced from £0.3m to £0.2m during the year, with income from donations and legacies of £0.4m and drawdowns of £0.5m to fund donations to the Royal Academy.

Included in the above amounts are funds donated for the Royal Academy to be held in investments by the Charity. These funds are held by the Charity until they are required for specific projects of the Royal Academy and are invested by the Charity to provide future funding for the charitable objects of the Royal Academy. These are treated as assets of the Charity and are held for the maintenance, development, advancement, and preservation of the Royal Academy.

Investments

Since November 2008, management of the Charity's investment portfolios has operated under agreements with Partners Capital. Since June 2014, this has operated under a Discretionary Management Agreement.

During the year ended 31 August 2018, the remaining $17.2m (£13.2m) of a $23.0m pledge from a donor, who wished to remain publicly anonymous, was received; $5.8m (£4.0m) having been received in the year ended 31 August 2016. Of the £17.2m ($23.0m) received, £12.2m is being held as a permanent endowment; with £5.0m as a restricted fund to be made available to the Royal Academy when required for Phase III of the Burlington Project.

From November 2016 two further investment managers, Sarasin, and Troy, were engaged to initially manage the anonymous donor funds. Due to the size and nature of the endowment, the Investment Sub-committee took the opportunity to further diversify the Charity's overall investment portfolio and its counter-party risk. In January 2020, following a review of the overall strategic asset allocation of the portfolio, the Investment Sub-committee decided to divest from Troy's Trojan Fund, a diversified multi-asset fund, and Trojan Income Fund, a UK equity fund, in order to reinvest with an active global equity manager, Evenlode, who were appointed following a due tender process, and further rebalanced the overall asset allocation by trimming the level of investment with Sarasin and reinvesting these funds with Evenlode.

During the year, the Charity set up a separate Liquidity Fund as a sub-account of its main mandate with Sarasin and £3.7m was divested from Sarasin's existing endowment portfolio and reinvested in this Liquidity Fund. A further £1.3m was transferred from Partners Capital funds. The Liquidity Fund invests in Certificates of Deposit of up to 12 months. This £5.0m mandate is in respect of the restricted fund to be made available to the Royal Academy when required for Phase III of the Burlington Project. It is currently forecast that these funds will be needed by the Royal Academy in 2024 and 2025 with the construction phase of the Project expected to commence in the second half of 2025.

In addition to establishing this Liquidity Fund, the Investment Sub-committee also made changes to the overall strategic asset allocation for the remainder of the portfolio and the relative asset holdings of its three investment managers. Excluding the Liquidity Fund, the portfolio has just over 70% of its assets in global equities (including just over 20% in private equity) and just under 30% in other investment classes (including just under 10% in private debt).

The overall investment strategy is seeking to provide a reasonable level of return, while ensuring that the "real" value of the capital is maintained, such that the trustees will be able to continue similar distributions in the future. Distributions for restricted and unrestricted designated funds are in accordance with specific restrictions and distribution rates, at various rates up to 4%. The trustees have set an annual target distribution rate of 4% for unrestricted and general-purpose permanent endowment funds. To achieve this, a long-term investment objective of inflation plus 4% has been identified as appropriate. Whilst it is the intention to create an investment solution that meets this long-term objective, it is recognized that there will be periods when lower returns will be expected.

The primary purpose of the Partners Capital investment portfolio is to support the long-term operating and capital needs of the Royal Academy. To this end, the overall portfolio is managed to maximise the long-term total return of the portfolio, subject to maintaining a reasonable level of risk of loss. The main investment portfolio supports the operating and capital needs of the Royal Academy through an annual spending rate, which is reviewed periodically to ensure the spending rate is sustainable over the long-term.

The Trust's objective from the Partners Capital investment portfolio is to preserve and, if possible, to enhance the purchasing power of its assets, after annual spending and all costs and expenses, over rolling three-year periods. This objective implies a minimum time-weighted net return target for the Trust more than the RA's estimated cost inflation (estimated at 3.0%, based on forecast long run UK inflation of 3.0%) plus the spending rate (as defined above of 4% per annum). This equates to a minimum annual return of 7.0% p.a. Actual returns will need to be more than this minimum target to cover the costs of portfolio management and to provide a cushion over the longer-term.

The Charity's investment portfolio with Sarasin operates under a Discretionary Client Agreement signed in November 2016. The aim of the portfolio is to enhance the capital value over the longer term, whilst generating sufficient income to meet the Charity's requirements, for which a "real return" of 4% per annum has been targeted. The Charity's investments are held in the Sarasin Endowments Fund and the Sarasin Climate Active Endowments Fund; the objective of both these funds is to achieve long-term capital and income growth.

Since January 2020, the Charity has invested in the Evenlode Global Income Fund, which aims to produce attractive long-term total returns, with an emphasis on income. The fund aims to grow dividend income by a conservative 6% per annum, or about 3% real in the long-term. The fund further targets capital growth (excluding dividend income referred to above) of over 6% per annum or 3% real.

Endowments

The Charity has five permanent endowments. These are managed by the trustees on a total return basis. This means that the funds are invested to maximise the total return on investment without regard to whether that return is in the form of income from dividends or interest or capital appreciation. The trustees decide each year how much of that return is released to restricted income funds for spending and how much is retained for investment. The allocation is made on an equitable basis to balance the need to fund annual levels of distribution and the maintenance over time of the real value of the endowment. Until transferred, the unapplied total return remains invested as part of the permanent endowment.

The trustees have noted the value of the gift for each of the five permanent endowments received, since each fund was established. This provides the baseline value of the gift component of each endowment to which any subsequent gift of endowment is added. The difference between the total of the endowment fund and the value of the gift component represents the balance of unapplied total return. Having considered their obligations as outlined above, the trustees decided to make transfers from unapplied total return to restricted income funds for the year ended 31 August 2023 of £0.1m (2022: £0.1m) for the Ivor Rey scholarship fund to support the annual award to enable students of the Royal Academy Schools to visit Paris, France for the purpose of studying art; £nil (2022: £0.2m) from the Paul Mellon endowment fund to support Royal Academy revenue projects; £0.1m (2022: £0.1m) from the McAulay Scholarship Fund endowment to support students in the Royal Academy Schools; £nil (2022: £nil) from the Armando Garza Sada Sr. Memorial fund, which was established in 2022; and £0.6m (2022: £0.7m) for the anonymous donor fund. For the anonymous donor fund, investment returns were retained in the unapplied total returns until the end of June 2022. At this point, the trustees decided to transfer £0.7m from unapplied total return to restricted income funds covering the period from the end of June 2022 to 31 August 2023 to support the ongoing revenue projects of the Royal Academy. The trustees decided to transfer a further £0.6m to cover the year to 31 August 2024. In making these decisions the trustees have taken account of the investment climate, the return on investment for the year, previous levels of allocations from the unapplied total returns and the income needs of the Charity.

Responsible Investment Policy

The Charity is committed to investing its funds on a socially responsible basis. In June 2021, the trustees approved the Charity's Ethical Investment Policy ("the Policy"). In May 2022, the Policy was reviewed by the Investment Sub-committee with minor amendments, including a change in the Policy name to the Responsible Investment Policy. This better reflects the objectives and principles contained in the Policy. This amended Policy was approved by the Trust Executive in September 2022, with an update provided to the full Trustee Board in September 2022. The Policy is now reviewed annually and is published on the Royal Academy's website, with this year's update including reference to the values set out in the Royal Academy's Strategic Plan 2023-2028. This states that "in everything we do and everyone we engage with we are guided by a strong ethical compass. We take our responsibility towards the environment, social justice, and proper governance very seriously. In our work we meet fundamental principles in the areas of human rights, labour, the environment, and anti-corruption." The Policy has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the Charity's values of strong ethical principles. The Policy applies to the full scope of the investments held by the Charity. The Charity believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance ("ESG") issues.

The Investment Sub-committee monitors the operation and the effectiveness of the Policy and provides the trustees with an annual update. The second annual ESG review and report from the Investment Sub-committee in respect of the period to 31 August 2023 was presented to the full Trustee Board in September 2023. The Investment Sub-committee was pleased to report the progress made over the past year or so but hoped to see further improvements over the following 12 months.

The Charity has identified two sets of principles which accord with its values and aspirations in this area, one relating to the operations of its fund managers and the other to setting appropriate standards for all its investments. Firstly, The United Nations Principles for Responsible Investment ("UNPRI"): these six principles have been developed, inter alia, to "better align investors with the broader objectives of society". The Charity therefore expects that its fund managers will be signatories of the UNPRI and follow its principles in the way they operate. Secondly, The United Nations Global Compact: The Charity supports the ten principles of the United Nations Global Compact, which stem from the acceptance that, as with the Charity itself, corporate sustainability starts with an entity's value system and a principled approach to the way it operates. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption.

In managing its investments, the Charity therefore expects its appointed investment managers to encourage good behaviour and discourage poor behaviour through the screening of investments (using the principles above or an equivalent framework) and through the direct engagement with the companies in which they invest. In doing so, they should promote sustainability, good business ethics, good employment practices and the transition to a low carbon economy.

The Charity is particularly concerned about the following ESG issues and will continue to adopt investment strategies that seek to minimise or, ideally, eliminate investments in companies with corporate behaviour leading to: environmental degradation and climate change; the manufacture of controversial weapons, including cluster munitions, landmines, biological and chemical weapons, nuclear and depleted uranium weapons; tobacco production, cultivation, and manufacture; and adult entertainment (pornography) production, distribution, retail, and ownership. Such investment strategies are not in line with the Charity's values and may damage the Charity's reputation and impact fundraising and so are not in the Charity's best interest.

During the previous two financial years to 31 August 2022, the Charity invested £5.0m in the Sarasin Climate Active Endowments Fund. The Charity further approved in February 2022 a commitment of c.£0.5m ($0.7m) to the 2022 vintage of the Partners Capital 15 degrees Fund, representing 50% of the annual £1.0m Private Equity commitment target. The Charity

will consider further investment in the Sarasin Climate Active Endowments Fund and the next vintage of the Partners Capital 15 degrees Fund over the next 12 months.

Related party transactions
Related party transactions are disclosed in note 20 to the financial statements.

Reserves policy
The Charity holds its free reserves as investment funds from which it can generate income and capital gains for the future support of the Royal Academy. The current statement of investment principles and the distribution policy recognise the objective of delivering financial support for the Royal Academy that will be sustainable for the foreseeable future. The trustees have not established a minimum or maximum level of free reserves as they wish to be able to balance the need to respond to immediate special needs of the Royal Academy and to ensure sustained support. As at 31 August 2023, the Charity held total funds of £50.2m (2022: £53.1m), of which £15.9m (2022: £18.3m) were unrestricted funds for which £9.7m (2022: £11.9m) is both unrestricted and not designated; £20.8m (2022: £21.2m) endowment funds; and £13.5m (2022: £13.6m) restricted funds.

FUNDRAISING
The Charity has a cost of raising funds in the financial statements in relation to investment fund manager fees and staff costs for administering legacies to generate funds on behalf of the Royal Academy. The Charity does not actively fundraise and any approach to fundraising would take account of the Code of Fundraising Practice issued by the Fundraising Regulator. The Royal Academy is registered with the Fundraising Regulator, submits annual complaints returns to the Regulator and provides statements on particular areas of fundraising (including complaints) in its annual report. These complaints returns and statements include activities which might technically fall under the remit of the Charity. The Regulator has approved this arrangement and confirmed that the Charity is not required to maintain a separate registration with the Regulator.

STATEMENT OF TRUSTEES' RESPONSIBILITIES
The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 charity will continue in business;
- Observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information
So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Lady Myners, Chair

11th December 2023

Date:

Royal Academy Trust
Independent Auditors' Report to the Trustees of
Royal Academy Trust

Opinion

We have audited the financial statements of the Royal Academy Trust ("the Charity") for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2023, and of its incoming resources and application of resources 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 Charities Act 2011.

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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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.

Other information (continued)

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 course of 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 themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 8, the trustees 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 trustees are responsible for assessing the Charity'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 trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Charity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Charity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Charity.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the Charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the Charity complies with these requirements by discussions with management and those charged with governance;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Charity and Charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Moore Kingston Smith LLP
Statutory Auditor

Date: 11 December 2023

6th Floor
9 Appold Street
London EC2A 2AP

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Royal Academy Trust
Statement of Financial Activities
For the year ended 31 August 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total funds 2023 £	Total funds 2022 £ * see note 4 for comparatives
Income and endowments from:						
Donations and legacies	5	407,424	85,748	-	**493,172**	1,170,681
Investments	6	242,261	142,157	604,263	**988,681**	899,685
Total income		649,685	227,905	604,263	**1,481,853**	2,070,366
Expenditure on:						
Raising funds	8	(120,815)	-	(3,774)	**(124,589)**	(146,649)
Charitable activities						
Annual donation to the Royal Academy	7	(682,564)	(1,047,255)	-	**(1,729,819)**	(1,038,913)
Other donations to the Royal Academy	7	(2,000,000)	-	-	**(2,000,000)**	(16,976)
Total charitable activities		(2,682,564)	(1,047,255)	-	**(3,729,819)**	(1,055,889)
Total expenditure		(2,803,379)	(1,047,255)	(3,774)	**(3,854,408)**	(1,202,538)
Net (losses) on investments	11	(251,502)	(8,937)	(289,988)	**(550,427)**	(67,163)
Net income / (expenditure)		(2,405,196)	(828,287)	310,501	**(2,922,982)**	800,665
Transfers between funds	15,16	-	690,624	(690,624)	-	-
Total funds brought forward		18,319,712	13,623,331	21,174,885	**53,117,928**	52,317,263
Total funds carried forward		**15,914,516**	**13,485,668**	**20,794,762**	**50,194,946**	53,117,928

All gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

Royal Academy Trust
Balance Sheet as at 31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	11	**50,029,525**	52,870,235
Current assets			
Debtors	12	**95,198**	39,126
Cash at bank and in hand		**207,254**	274,013
Total current assets		**302,452**	313,139
Liabilities			
Creditors - amounts falling due within one year	13	**(137,031)**	(65,446)
Net current assets		**165,421**	247,693
Net assets		**50,194,946**	53,117,928
The funds of the charity:			
Endowment funds	15	**20,794,762**	21,174,885
Restricted funds	16	**13,485,668**	13,623,331
Unrestricted funds:			
Designated	17	**6,234,418**	6,388,890
Other		**9,680,098**	11,930,822
Total unrestricted funds		**15,914,516**	18,319,712
Total charity funds		**50,194,946**	53,117,928

Approved by the Trustees and authorised for issue on 11th December 2023

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Lady Myners, Chair

Royal Academy Trust
Statement of Cash Flows
For the year ended 31 August 2023

	Note	2023 £	2022 £
Net cash used in operating activities	14	**(3,309,350)**	(467,044)
Cash flow from investing activities			
Dividends and interest from investments	6	**988,681**	899,685
Fund manager fees	8	**(36,373)**	(58,494)
Payments to acquire fixed asset investments	11	**(11,957,658)**	(17,866,442)
Proceeds from investment disposals	11	**14,974,522**	16,793,585
Net movement in cash held in the investment portfolio	11	**(726,581)**	888,033
Net cash provided by investing activities		**3,242,591**	656,367
Net (decrease) / increase in cash and cash equivalents		**(66,759)**	189,323
Cash and cash equivalents at the beginning of the year		**274,013**	84,690
Cash and cash equivalents at the end of the year		**207,254**	274,013

1 General information

Royal Academy Trust ("the Charity") is a registered charity established to serve public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The registered office is Burlington House, Piccadilly, London.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The Charity is a Public Benefit Entity as defined by FRS 102.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. Going concern

The trustees consider that there are no material uncertainties affecting the Charity's ability to continue as a going concern for at least twelve months from the date of approval of the accounts.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

2 Summary of significant accounting policies (continued)

d. Funds structure (continued)

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are used at the trustees' discretion in furtherance of the general objectives of the Charity, including the general fund which represents the Charity's reserves. The major funds held in each of these categories are disclosed in notes 15 to 17.

e. Income

All income is recognised once the Charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

Donations are accounted for when received.

Legacies are accounted for as income where there is clear entitlement; the amount can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the Charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

h. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities ("SOFA").

i. Raising funds

The costs of raising funds are those costs attributable to generating income for the Charity. These represent the legacy manager's salary costs, investment management fees and governance costs. Governance costs are primarily concerned with constitutional and statutory requirements.

2 Summary of significant accounting policies (continued)

j. Charitable activities

Costs of charitable activities comprise the donations made to the Royal Academy. Generally, donations are accounted for when paid. However, where the Royal Academy has incurred expenditure on a major capital project on the basis of a commitment from the Charity to reimburse costs, any costs not covered by donations paid in the year are provided for.

k. Investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. The SOFA includes any realised or unrealised gain / loss during the year.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

l. Realised gains and losses

All gains and losses are taken to the SOFA as these arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value or later purchase price. Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value or later purchase price.

m. Foreign currencies

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

n. Financial instruments

Financial instruments are recognised in the Charity's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

2 Summary of significant accounting policies (continued)

n. Financial instruments (continued)

Other financial assets
Other financial assets, including investments in equity instruments, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial liabilities
Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Prior year comparatives by type of fund

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £
Income and endowments from:				
Donations and legacies	94,033	701,648	375,000	**1,170,681**
Investments	285,982	208,455	405,248	**899,685**
Total income	380,015	910,103	780,248	**2,070,366**
Expenditure on:				
Raising funds	(154,939)	-	8,290	**(146,649)**
Charitable activities				
Annual donation to the Royal Academy	(695,694)	(343,219)	-	**(1,038,913)**
Other donations to the Royal Academy	-	(16,976)	-	**(16,976)**
Total charitable activities	(695,694)	(360,195)	-	**(1,055,889)**
Total expenditure	(850,633)	(360,195)	8,290	**(1,202,538)**
Net gains / (losses) on investments	844,913	(548)	(911,528)	**(67,163)**
Net income / (expenditure)	374,295	549,360	(122,990)	**800,665**
Transfers between funds	-	1,010,418	(1,010,418)	-
Total funds brought forward	17,945,417	12,063,553	22,308,293	**52,317,263**
Total funds carried forward	**18,319,712**	**13,623,331**	**21,174,885**	**53,117,928**

5 Income from donations and legacies

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
General	340,055	85,748	-	**425,803**	1,123,361
Revenue projects:					
Schools	67,369	-	-	**67,369**	45,672
Library and collections	-	-	-	**-**	1,648
Total revenue projects	67,369	-	-	**67,369**	47,320
Total	**407,424**	**85,748**	-	**493,172**	1,170,681

6 Income from investments

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
Listed investments	237,184	139,564	595,617	**972,365**	899,286
Bank interest	5,077	2,593	8,646	**16,316**	399
Total	**242,261**	**142,157**	**604,263**	**988,681**	899,685

7 Analysis of expenditure on charitable activities

In the current year, the Charity made donations of £3,729,819 (2022: £1,055,889) to the Royal Academy, representing £2,000,000 (2022: £nil) to the Coronavirus Emergency Support Fund; £1,648 (2022: £16,976) for the cataloguing project; £92,500 (2022: £92,500) for the Heinz Architecture Programme; £282,497 (2022: £288,622) for the Royal Academy Schools; £6,410 (2022: £6,410) for the Library; and £5,000 (2022: £5,000) for the Casson Drawing Prize in the Summer Exhibition, with the balance donated in support of the general activities of the Royal Academy.

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
Annual donation to the Royal Academy	682,564	1,047,255	-	**1,729,819**	1,038,913
Royal Academy revenue projects:					
Cataloguing project	-	-	-	**-**	16,976
General	2,000,000	-	-	**2,000,000**	-
Total revenue projects	**2,000,000**	**-**	**-**	**2,000,000**	16,976
Total	**2,682,564**	**1,047,255**	**-**	**3,729,819**	1,055,889

8 Analysis of expenditure on raising funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Total 2022 £
Fund manager fees	32,599	-	3,774	**36,373**	58,494
Staff costs	66,107	-	-	**66,107**	66,045
Auditors' remuneration	19,019	-	-	**19,019**	16,665
Bank charges	95	-	-	**95**	97
Exchange rate losses	213	-	-	**213**	3,239
Miscellaneous	2,782	-	-	**2,782**	2,109
Total	**120,815**	**-**	**3,774**	**124,589**	146,649

9 Trustees' remuneration, benefits and expenses

The President, the Treasurer, and the Secretary and Chief Executive of the Royal Academy, who are ex-officio legal trustees of the Charity and members of its Executive Committee, are paid remuneration by the Royal Academy, for which no recharge is made to the Charity. It is not possible to make a reasonable apportionment of their remuneration in respect of their services to the Charity. Accordingly, the disclosures regarding remuneration for key management personnel of the Charity include no amounts in respect of the President, the Treasurer, and Secretary and Chief Executive of the Royal Academy. Remuneration excluding pension contributions was paid by the Royal Academy as follows: the President - £70,000 (2022: £68,000); the Treasurer - £40,000 (2022: £40,000); and the Secretary and Chief Executive - £230,134 (2022: £212,165). In addition, the Secretary and Chief Executive received pension contributions totalling £20,921 (2022: £19,124). The President and the Treasurer did not receive any pension contributions (2022: same).

The Charity's other trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee, or person related or connected by business to them, has received any remuneration from the Charity during the current or prior year. No expenses were reimbursed to trustees for travel to attend committee meetings of the Charity during the current or prior year.

10 Analysis of staff costs

The trustees have concluded that the Executive Committee comprise the key management personnel of the Charity. No remuneration was paid to key management personnel (2022: £nil). However, as disclosed in note 9 above, the President, the Treasurer, and the Secretary and Chief Executive of the Royal Academy, who are members of the Executive Committee, are paid remuneration by the Royal Academy.

	2023	2022
	£	£
Salaries and wages	**55,070**	55,229
Social security costs	**5,509**	5,397
Employers pension contribution	**5,528**	5,419
Total	**66,107**	66,045

Salary costs represent the cost of staff employed by the Royal Academy and recharged to the Charity. The average number of permanent staff engaged by the Charity in 2023 was 1 (2022: 1).

11 Investments

Movement in market value of investments	2023 £	2022 £
Market value brought forward	**52,700,345**	51,694,651
Additions to investments at cost	**11,957,658**	17,866,442
Proceeds on disposal	**(14,974,522)**	(16,793,585)
Net losses on investments	**(550,427)**	(67,163)
Market value of investments at 31 August	**49,133,054**	52,700,345

Market value of investments by type		2023 £	2022 £
Bonds		**3,257,462**	3,557,296
Property		**1,461,124**	2,139,565
Global equities		**18,784,906**	25,102,068
UK equities		**9,752,246**	10,027,727
Hedged equities		**1,498,142**	501,655
Absolute return		**3,417,024**	3,862,601
Alternative investments		**1,018,932**	2,319,696
Liquid assets		**9,943,218**	5,189,737
Total market value of investments	[Historic cost of investments £37,821,762 (2022: £40,372,381)]	**49,133,054**	52,700,345
Cash holdings		**896,471**	169,890
Total		**50,029,525**	52,870,235

Investments under management were:		
Partners Capital LLP	**29,001,919**	31,922,766
Sarasin & Partners LLP	**16,428,118**	15,662,367
Evenlode Investment Management Limited	**4,599,488**	5,285,102
Total	**50,029,525**	52,870,235

All investments are carried at their fair value.

Significant investment holdings as a % of total investment portfolio based on market value at 31 August were:

	2023	2022
Sarasin Endowments Fund	**12.09%**	20.43%
Sarasin Liquidity Fund	**10.21%**	0.00%
Sarasin Climate Active Endowments Fund	**9.26%**	8.96%
Evenlode Global Income Fund	**9.19%**	10.00%
Partners Capital Phoenix Fund II Ltd	**7.95%**	5.90%
Partners Capital The Master Portfolio (C) Ltd	**6.46%**	11.29%
Partners Capital Harrier Fund (C) Ltd	**4.51%**	3.74%
Vanguard ESG Developed World	**4.22%**	0.00%
Partners Capital Greyhawk Fund, LP	**3.80%**	4.70%
Partners Capital Condor Fund XII	**3.28%**	3.13%
Partners Capital Condor Fund X	**3.22%**	3.76%
Total	**74.19%**	71.91%

12 Debtors	2023	2022
	£	£
Amounts due from R.A. Enterprises Limited	**95,198**	39,126
Total	**95,198**	39,126

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors - amounts falling due within one year	2023	2022
	£	£
Amounts due to the Royal Academy	**96,752**	39,195
Accruals	**40,279**	26,251
Total	**137,031**	65,446

14 Notes to the statement of cash flows	2023	2022
	£	£
Net (expenditure) / income	**(2,922,982)**	800,665
Adjustments for:		
- Losses on investments	**550,427**	67,163
- Dividends and interest from investments	**(988,681)**	(899,685)
- Fund manager fees	**36,373**	58,494
- (Increase) in debtors	**(56,072)**	(10,573)
- Increase / (decrease) in creditors	**71,585**	(483,108)
Cash flow used in operating activities	**(3,309,350)**	(467,044)

15 Analysis of endowment funds

		Balance at 2022 £	Investment returns less fund manager fees £	Unapplied total return allocated (to)/from income £	Balance at 2023 £
The Ivor Rey scholarship fund:	a				
- Trust for investment		404,400	-	-	**404,400**
- Unapplied total return		344,552	(1,246)	(14,532)	**328,774**
Paul Mellon endowment fund:	b				
- Trust for investment		3,039,283	-	-	**3,039,283**
- Unapplied total return		-	(5,056)	5,056	-
Anonymous donor fund:	c				
- Trust for investment		12,229,042	-	-	**12,229,042**
- Unapplied total return		3,254,432	319,969	(620,000)	**2,954,401**
McAulay Scholarship fund:	d				
- Trust for investment		1,265,918	-	-	**1,265,918**
- Unapplied total return		250,466	(2,522)	(50,000)	**197,944**
Armando Garza Sada Sr. Memorial fund:	e				
- Trust for investment		375,000	-	-	**375,000**
- Unapplied total return		11,792	(644)	(11,148)	-
Total		**21,174,885**	**310,501**	**(690,624)**	**20,794,762**

The anonymous donor fund is primarily invested with Sarasin & Partners LLP ("Sarasin") and Evenlode Investment Management Limited ("Evenlode"), with the balance invested with Partners Capital LLP ("Partners Capital"). Whilst there was a small positive return from the investment with Sarasin and Evenlode, there was a small negative return from Partners Capital. All other funds are invested with Partners Capital.

a. The Ivor Rey scholarship fund

In March 2013, £361,303 was received from the estate of Ivor Rey to establish the Ivor Rey scholarship fund which is held as a permanent endowment and is being accounted for on a total return basis. A further £43,097 was received in December 2016. The purpose of the fund is to provide an annual award from investment returns to enable students of the Royal Academy of Arts Schools ("Royal Academy Schools") to visit Paris, France for the purpose of studying art.

b. Paul Mellon endowment fund

The Paul Mellon endowment fund was established in 2000 by a $5,000,000 / £3,039,283 legacy from Paul Mellon. It is held as a permanent endowment and is being accounted for on a total return basis. The terms of the bequest restrict the investment returns arising from it to the general purpose of the Royal Academy.

c. Anonymous donor fund

A donor, whose identity is known to the Charity, but who wished to remain publicly anonymous pledged $23,000,000 in October 2015, to be paid in eight equal annual instalments from December 2015, but with the donor having the right to accelerate any one or more of such instalments. $15,333,333 (£10,000,000 based on the exchange rate at date of pledge) is to be held as a permanent endowment and is being accounted for on a total return basis, with investment returns generated being available to the Royal Academy for unrestricted revenue projects from June 2022, with the remaining $7,666,667 (£5,000,000 based on the exchange rate at date of pledge) being available to the Royal Academy for a restricted capital project, Burlington Project - Phase III.

Two instalments were received ($5,750,000 / £3,966,198) in the period to 31 August 2016. Payment of the remaining instalments was accelerated, with the balance received during the year ended 31 August 2018. £12,229,042 ($15,000,000) is included in the endowment funds above (including a £2,229,042 realised foreign exchange gain), with £5,000,000 included in restricted funds - Burlington Project III (see note 16).

d. McAulay Scholarship fund

A donation of $1,323,364 / £1,066,455 was received from the McAulay family in August 2020 to support two full scholarships for students at the Royal Academy Schools in perpetuity. The donor's expressed intention was for these funds to "top up" the existing fund established in 1998 to provide fees and maintenance for a student at the Royal Academy Schools. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the scholarships.

e. Armando Garza Sada Sr. Memorial fund

A donation of £375,000 was received from Brenda Garza in April 2022 to support an annual symposium in memory of Armando Garza Sada Sr. which will focus on an artist, or artists, that have been significantly underrepresented within art history. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the symposium.

16 Analysis of restricted funds

		Balance at 2022 £	Income and fund growth in year £	Utilised in year £	Unapplied total return from/(to) endowments £	Balance at 2023 £
Heinz Architecture fund	16.a	4,602,076	(7,502)	(92,500)	-	**4,502,074**
Salaman-Seelig art fund	16.b	86,584	(132)	(7,000)	-	**79,452**
The Ivor Rey scholarship fund	15.a	24,725	(17)	(14,532)	14,532	**24,708**
Paul Mellon endowment fund	15.b	701,914	(920)	(149,000)	(5,056)	**546,938**
Anonymous donor fund	15.c	696,700	-	(696,700)	620,000	**620,000**
McAulay Scholarship fund	15.d	50,000	-	(50,000)	50,000	**50,000**
Armando Garza Sada Sr. Memorial fund	15.e	-	-	-	11,148	**11,148**
Cataloguing project	16.c	1,648	-	(1,648)	-	-
Greenham fund	16.d	224,935	(363)	(6,510)	-	**218,062**
The Starr Fellowship	16.e	1,359,228	(2,214)	(28,685)	-	**1,328,329**
Weiss fund	16.f	23,226	(37)	(680)	-	**22,509**
Burlington Project - Phase III	16.g	5,128,903	145,644	-	-	**5,274,547**
The Thorogood Smith Scholarship	16.h	571,754	84,761	-	-	**656,515**
James Paradise Annual Giving Fund	16.i	151,638	(252)	-	-	**151,386**
Total		**13,623,331**	**218,968**	**(1,047,255)**	**690,624**	**13,485,668**

The Burlington Project - Phase III fund is primarily invested with Sarasin in a Liquidity Fund. All other funds are invested with Partners Capital.

a. Heinz Architecture fund

The Heinz Architecture fund comprises a major donation received in 1993 to support the development of the architecture programme of the Royal Academy. The trustees make a donation each year to support the costs of the programme.

b. Salaman-Seelig art fund

The Salaman-Seelig art fund was established in 2016 by a £71,550 legacy from Auriol Seelig. The purpose of the fund is to make an annual award to a 2nd year student of the Royal Academy Schools. It is anticipated that the award will be made for 12 consecutive years.

16 Analysis of restricted funds (continued)

c. Cataloguing project

The cataloguing project was established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

d. Greenham fund

The Greenham fund was established in 1992 through donations from trusts, private individuals and an auction of donated works. The purpose of the fund is to provide a three year bursary for a student of the Royal Academy Schools, selected by the Keeper of the Royal Academy Schools.

e. The Starr Fellowship

The Starr Fellowship was established in 1987, with subsequent donations in 1998, 1999, 2000, 2001 and 2004. The fund is used to support an annual fellowship for American nationals with a contemporary art practice with a bursary of £26,000 and to support the Royal Academy Schools general running costs that allow the fellowship to be offered.

f. Weiss fund

The Weiss fund was established in 2005 by a donation of £10,000 from Edna Weiss. The purpose of the fund is to make an annual award of £680 to a student of the Royal Academy Schools working in a figurative style.

g. Burlington Project - Phase III

As disclosed in note 15.c, a donor, whose identity is known to the Charity but who wished to remain publicly anonymous, donated £5,000,000 in 2018 to the Burlington Project - Phase III. In both 2018 and 2019 £500,000 was donated to the Royal Academy in respect of costs incurred to date by the Royal Academy on this project, with the remaining £4,000,000 (before investment returns) being held by the Charity until required by the Royal Academy.

h. The Thorogood Smith Scholarship

The Thorogood Smith Scholarship was established in 2022 by a legacy of £550,000 from Janet Smith. A further £85,748 was received in November 2022. The purpose of the fund is to provide a scholarship to one student of the Royal Academy Schools, with the investment returns being used to cover the cost of tuition and to provide an annual bursary to the student. If a suitable student can be found with the necessary talent, the scholarship will be given to a Mouth and Foot Painting Artist from the charity MFPA (registered charity number 328151).

i. James Paradise Annual Giving Fund

The James Paradise Annual Giving Fund was established in 2022 by a donation of £150,000 from James Paradise. The purpose of the fund is to provide two annual prizes of £3,000 each to two students of the Royal Academy Schools for their works in the annual Premiums show.

17 Analysis of designated funds

The trustees have designated the funds detailed below out of unrestricted funds:

		Balance at 2022 £	Utilised in year £	Income and fund growth in year £	Balance at 2023 £
General	a	1,915,782	(67,765)	(3,075)	**1,844,942**
Sir Roger de Grey Memorial Fund	b	161,806	(3,529)	(263)	**158,014**
Casson Award	d	396,626	(5,000)	(651)	**390,975**
Eranda Professor	e	177,872	(5,170)	(288)	**172,414**
Cheneviére Travel Award	f	197,710	(5,740)	(319)	**191,651**
Schools Portfolio Fund	g	178,252	(5,180)	(288)	**172,784**
Patricia Turner Award	h	407,965	(11,850)	(659)	**395,456**
The Pauline Sitwell Bursary Fund	i	484,134	(14,060)	(782)	**469,292**
Maintenance Fund	j	2,468,743	(93,270)	63,417	**2,438,890**
Total		**6,388,890**	**(211,564)**	**57,092**	**6,234,418**

a. General

In 1998, the Charity received £1,359,212 from the Royal Academy in respect of several small trusts. These trusts represent funds donated in support of scholarships and prizes in the Royal Academy Schools; maintenance of the Royal Academy Collections; and the general purposes of the Royal Academy. The Charity Commission gave permission for these funds to be transferred to the Charity on the basis of the improvements to investment performance and administration likely to ensue. These funds have been treated as designated funds that have been set aside out of the unrestricted funds by the trustees for specific purposes.

b. Sir Roger de Grey Memorial Fund

The fund was launched in 1996 to establish a source of funds to provide student maintenance grants for students at two independent institutions with which Sir Roger was associated: the Royal Academy Schools and the City & Guilds of London Art School. Sir Roger was President of the Royal Academy from 1984 to 1993 and Principal of the City & Guilds from 1973 until his death in 1995. Funds totalling £80,000 were invested on the understanding that annual maintenance grants would be made to each fine art school (split evenly between them).

d. Casson Award

The fund was created in 2001 to establish a prize for drawing to be awarded during the Summer Exhibition with initial funds totalling £107,000. The fund was increased in 2013 and 2015 through bequests of £88,482 and £20,152 respectively received from the estate of Mrs Anne Marjorie Crosthwait.

e. Eranda Professor

The fund was created in 2001 to establish a professorship in the Royal Academy Schools. An initial donation of £120,000 from the Eranda Foundation was earmarked for investment by the Charity on the understanding that this would fund a professor in the Royal Academy Schools. Further funds of £20,000 were donated in 2012 by the Trustees of the Eranda Foundation.

f. Cheneviére Travel Award

The fund was launched in 2001 to establish a source of funds to provide a travel bursary for a student in the Royal Academy Schools. Funds totalling £144,000, raised by the Cheneviére family, were earmarked by the trustees and invested on the understanding that a travel award would be made each year to a student in the Royal Academy Schools.

17 Analysis of designated funds (continued)

g. Schools Portfolio Fund

The fund was created in 2001 to establish a source of funds providing maintenance for students at the Royal Academy Schools.

h. Patricia Turner Award

In November 2001 the Charity earmarked £200,000 of donations to establish a fund to provide a grant to a graduating student in 3D media.

i. The Pauline Sitwell Bursary Fund

In May 2012, £250,000 from Pauline Sitwell's bequest to the Royal Academy, as a whole group, was paid directly to the Charity to establish the Pauline Sitwell Bursary Fund. The purpose of the fund is to provide an annual bursary award to assist students of the Royal Academy Schools with living costs. The annual award was set at £7,500 per annum, but is subject to annual review by trustees of the Charity.

j. Maintenance Fund

The fund was created in 2004 to provide maintenance for students at the Royal Academy. In addition to investment returns, a total of £67,369 has been added to this fund during 2023 (2022: £45,672), arising from fundraising activities.

An annual donation is made from each designated fund to the Royal Academy in line with the wishes of each fund. This will continue until each fund has been fully drawndown.

Analysis of net assets between designated funds	Investments £	Net current assets £	Total net assets £
General	1,844,942	-	**1,844,942**
Sir Roger de Grey Memorial Fund	158,014	-	**158,014**
Casson Award	390,975	-	**390,975**
Eranda Professor	172,414	-	**172,414**
Cheneviére Travel Award	191,651	-	**191,651**
Schools Portfolio Fund	172,784	-	**172,784**
Patricia Turner Award	395,456	-	**395,456**
The Pauline Sitwell Bursary Fund	469,292	-	**469,292**
Maintenance Fund	2,332,396	106,494	**2,438,890**
Total	**6,127,924**	**106,494**	**6,234,418**

18 Analysis of net assets between funds

	Investments £	Net current assets £	Total net assets £
Endowment funds	20,769,629	25,133	**20,794,762**
Restricted funds	13,485,668	-	**13,485,668**
Unrestricted funds:			
Designated	6,127,924	106,494	**6,234,418**
Other	9,646,304	33,794	**9,680,098**
Total	**50,029,525**	**165,421**	**50,194,946**

19 Financial instruments

The financial statements include the following in respect of items held at fair value at 31 August:

	2023 £	2022 £
Financial assets measured at amortised cost	**95,198**	39,126
Financial liabilities measured at amortised cost	**137,031**	65,446
Financial assets measured at fair value through the SOFA	**50,029,525**	52,870,235

20 Related party transactions

The Royal Academy made a donation of £nil to the Charity related to unspent funds from the cataloguing project (2022: £1,648). The Charity donated £3,729,819 (2022: £1,055,889) to the Royal Academy to support various campaigns. At the year end £96,752 was outstanding and included within creditors (2022: £39,195).

R.A. Enterprises Limited made a donation of £56,073 (2022: £39,126) to the Charity for future funding of the Royal Academy Schools. At the year end £95,198 (2022: £39,126) was outstanding and included within debtors.

Royal Academy Trust

England & Wales - Charity number 1067270

Accounts

ROYAL ACADEMY TRUST

Registered Charity No. 1067270

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2022

Royal Academy Trust
Reference and Administrative Details

Honorary President

HRH The Prince of Wales (until his accession as His Majesty King Charles III on 8 September 2022)

Trustees in the financial year and at the date of signing:

Lady Myners (Chair)
Robert Suss (Deputy Chair)
President of The Royal Academy of Arts (Ex officio) - Rebecca Salter PRA
Treasurer of The Royal Academy of Arts (Ex officio) - Peter St John (Adam Caruso and Peter St John RA)
Secretary and Chief Executive of The Royal Academy of Arts (Ex officio) - Axel Rüger
Clara Amfo (appointed 16 March 2022)
Petr Aven (resigned 1 March 2022)
Stefan Bollinger
Aryeh Bourkoff
Varun Chandra
Richard Chang (retired 1 December 2021)
Adrian Cheng (retired 20 June 2022)
Melanie Clore
Lady Deighton (retired 31 October 2022)
Sir Lloyd Dorfman CBE
Pesh Framjee
Stephen Gosztony (deceased 29 August 2022)
Lady Heywood
Clive Humby
Dame Vivian Hunt DBE (appointed 16 March 2022)
Dame Carolyn Julia McCall DBE
Scott Mead
Batia Ofer
Ina Sandmann
Sian Westerman
Andrea Wong (retired 1 December 2021)
The Hon William Yerburgh

Emeritus and Honorary Trustees

Lord Aldington
Susan Burns
Sir James Butler CBE DL
Sir David Cannadine FBA
Sir Richard Carew Pole Bt OBE DL
Sir Trevor Chinn CVO
John Coombe
Ambassador Edward E Elson
John Entwistle OBE
Michael Gee
The Rt Hon The Earl of Gowrie (deceased 24 September 2021)
HRH Princess Marie-Chantal of Greece
C. Hugh Hildesley

Emeritus and Honorary Trustees (continued)
Anya Hindmarch CBE
Susan Ho
Lady Lever
Sir Sydney Lipworth
The Rt Hon The Lord Luce, GCVO DL
Sir Keith Mills GBE DL
Ludovic de Montille
Lord Davies of Abersoch
John Raisman CBE
John A. Roberts FRIBA
Sir Simon Robertson
Lord Rose of Monewden
Sir Evelyn de Rothschild (deceased 8 November 2022)
Maryam Sachs
Richard Sharp
David Stileman
Peter Williams

Executive Committee
Lady Myners (Chair)
Robert Suss (Deputy Chair)
Peter St John (Adam Caruso and Peter St John RA)
Axel Rüger
Rebecca Salter PRA
Pesh Framjee
Stephen Gosztony (deceased 29 August 2022)
Lady Heywood
The Hon William Yerburgh (appointed 23 February 2022)

Investment Sub-committee membership in the financial year and at the date of signing:
Stephen Gosztony (Chair) (deceased 29 August 2022)
Alice Ryder (acting Chair from 7 September 2022)
Adam Bennett
Stephen Nelson
Alice Ryder
Robert Suss
Nigel Thomas
Andrew Threadgold

Registered Office
Burlington House
Piccadilly
London W1J 0BD

Royal Academy Trust
Reference and Administrative Details

Advisers:

Auditors
Moore Kingston Smith LLP
6th Floor
9 Appold Street
London EC2A 2AP

Bankers
Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2V 7HN

Solicitors
Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Withers LLP
16 Old Bailey
London EC4M 7EG

Investment Managers
Partners Capital LLP
5th Floor
5 Young Street
London W8 5EH

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Evenlode Investment Management Limited
The Long Barn
Chalford Park Barns
Oxford Road
Chipping Norton
Oxfordshire OX7 5QR

Royal Academy Trust
Trustees' Report
For the year ended 31 August 2022

The trustees present their report and financial statements for the year ended 31 August 2022.

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

Royal Academy Trust ("the Charity" or "the Trust") was established under a Trust Deed dated 11 February 1981 to serve the public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The Trust became separately registered as a charity on 8 January 1998. The Trust Deed has been amended several times, including in June 2019, to change the name of the Trust from Royal Academy Development Trust to Royal Academy Trust and to amend term limits for appointed trustees (see below under "Governance and management").

Governance and management

The Charity is governed by trustees, who are men and women of distinction from business and the wider community.

The maximum number of trustees is 35 at any one point in time. The trustees consist of the President, Treasurer and the Secretary and Chief Executive of the Royal Academy, *ex officio*, and other trustees who shall serve a three year initial term, after which they are eligible for a three year renewal term, and in exceptional circumstances further terms each of no more than three years.

The trustees and officers who served during the year ended 31 August 2022 and at the date of signing are shown on pages 1 and 2 of the annual report and financial statements.

The management of the funds and distributions to the Royal Academy up to £1.25m per annum has been delegated to the Charity's Executive Committee, chaired by the Chair of the Trust. The Charity's Executive Committee has further delegated authority to manage distributions to the Royal Academy from the anonymous donor fund, which comprises both a permanent endowment element and a restricted fund for a future capital project. Other distributions to the Royal Academy in excess of this must be approved by the full Trustee Board. The timing and execution of such distributions may be delegated to the Charity's Executive Committee.

The trustees are responsible for approving adequate arrangements for induction and training for new trustees and to this end a programme has been arranged to include formal inductions by the Chair and by the Royal Academy General Counsel, together with an informative welcome pack and an introductory tour. Key documents and information are re-circulated to current trustees on an annual basis.

The trustees have a risk management process. Risks are recorded in a Risk Register and mitigating actions implemented and monitored. The major risk for the Charity is exposure to a volatile financial market. This is mitigated by the frequent monitoring and broad spread of the funds to managed investments. This risk, along with any other is considered by the trustees and is part of the Risk Register reviewed by the Charity's Investment Sub-committee and Executive Committee on at least an annual basis.

The main investment portfolio is managed by the trustees, through the Investment Sub-committee, based on advice from Partners Capital LLP ("Partners Capital"). Further investment funds are held with Sarasin & Partners LLP ("Sarasin") and Evenlode Investment Management Limited ("Evenlode"). These managers are similarly overseen by the Investment Sub-committee.

The Investment Sub-committee advises the board of trustees on investment policy and risk. The Investment Sub-committee comprises trustees with investment experience and non-trustees chosen for their experience of investment management.

Charity Governance Code

The Charity and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

During the financial year the Charity:

- Continued to provide its recently enhanced induction information to new trustees, including a "questions and answers" document, authored by the Charity's Chair. The document provides information on the Royal Academy's history; its wider governance structure (as well as the Charity's, more specifically); roles and responsibilities across the Royal Academy and how these interact with the role of the Charity and its trustees; and key challenges facing the Charity.
- Arranged induction meetings for new trustees with the Secretary and Chief Executive and key members of the Senior Leadership Team of the Royal Academy, to better understand their work and the role of the Charity in the wider Royal Academy context.
- Continued to review appointments and develop the constitution of the trustee board, to comply with term limits and good governance practice.

The Charity continued to work to specific policies and procedures which apply across the Royal Academy, such as those relating to gift acceptance based on recommendations from the dedicated Ethics Advisory Group.

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The object of the Charity is the maintenance, development, advancement and preservation of the Royal Academy, a legally separate charity based in London, through which the arts of design are promoted by its charitable objects, which are stated as:

- The promotion of the arts of design.
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

Current activities and objectives

- Provision of revenue support for the activities of the Royal Academy through an annual donation funded by returns from the Charity's investment funds.
- Support for the Royal Academy's Coronavirus Emergency Support Fund fundraising initiatives to mitigate the financial impact of the Covid-19 pandemic to the Royal Academy.
- Managing the growth of the Charity's investment funds and maintaining an appropriate level of risk through the Investment Sub-committee.
- Offering expertise, networks and support to the Senior Leadership Team and staff of the Royal Academy in all areas of their work.

Future plans

- To seek to build a new endowment fund to guarantee a free education for the students at the Royal Academy Schools on a permanent basis. The Royal Academy has offered free tuition in the Royal Academy Schools from its inception in 1769 to the current date, a unique post graduate course which provides young artists from all over the world with an extraordinary opportunity which is not available elsewhere. The Trust seeks to secure the future of the Royal Academy Schools forever.

In setting these objectives, the trustees confirm that they comply with their duty in section 17 of the Charities Act 2011 to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE

Financial review

Income for the year ended 31 August 2022 totalled £2.1m (2021: £1.0m). There were donations of £1.2m in support of Royal Academy cultural activities (2021: £0.3m). There was also £0.9m of investment income (2021: £0.6m). Net losses on investments were £0.1m (2021: net gains £8.0m).

Donations to the Royal Academy of £1.1m (2021: £3.0m) were made up of £1.1m (2021: £1.0m) in support of revenue projects and £nil (2021: £2.0m) in support of capital projects. The former comprises £1.0m (2021: £0.9m) as an annual donation and £0.1m (2021: £0.1m) for specific projects. £0.3m (2021: £0.3m) of the annual donation relates to designated/restricted funds, whilst £0.7m (2021: £0.6m) relates to a just under 4% distribution from unrestricted and general-purpose endowment/restricted funds broadly in line with the target annual distribution rate of 4% set by the trustees for year ended 31 August 2020 and future financial years.

During the year ended 31 August 2018, the remaining $17.2m (£13.2m) of a $23.0m pledge from a donor, who wished to remain publicly anonymous, was received; $5.8m (£4.0m) having been received in the year ended 31 August 2016. Of the £17.2m ($23.0m) received, £12.2m is being held as a permanent endowment; with £5.0m as a restricted fund to be made available to the Royal Academy when required for Phase III of the Burlington Project.

Of the original donation, £9.8m of the £12.2m received in respect of the permanent endowment was invested with Sarasin and £2.0m with Troy as at 31 August 2019, with a further £0.4m invested with Sarasin in September 2019. During the financial year ended 31 August 2020, the Investment Sub-committee decided to divest from Troy placing the balance of the investment of £2.3m (including £0.3m investment gains) with Evenlode, with a further £2.0m being divested from Sarasin and placed with Evenlode. During the current financial year, a further £3.0m (2021: £2.0m) was invested with Sarasin and divested from Partners Capital. The value of the Sarasin and Evenlode funds including £3.7m income to date (2021: £4.9m) was £20.9m as at 31 August 2022 (2021: £19.1m).

The value of the Partners Capital investment portfolio decreased by £1.8m net (2021: increased by £1.9m) to £31.9m (2021: £33.7m), which included £3.0m divested and placed with Sarasin. Total investment funds across the three investment managers, including cash at bank held with Lloyds Bank Plc, increased to £53.1m (2021: £52.8m) after income, distributions, and other expenditure.

Included in this amount are funds donated for the Royal Academy to be held in investments by the Charity. These funds are held by the Charity until they are required for specific projects of the Royal Academy and are invested by the Charity to provide future funding for the charitable objects of the Royal Academy. These are treated as assets of the Charity and are held for the maintenance, development, advancement, and preservation of the Royal Academy.

In November 2020, the trustees approved a further £2.0m donation to the Royal Academy towards Burlington Project – Phase I cost overruns, with £1.3m distributed in December 2020 and the remaining £0.7m in January 2021. The Charity had previously agreed to fund up to £5.0m of cost overruns, for which £3.0m had been donated previously. It had been anticipated that the final £2.0m donation would not be required until the year ended 31 August 2023, but because of the significant financial challenges facing the Royal Academy resulting from the Covid-19 pandemic, an earlier donation was made.

Furthermore, in November 2020, the trustees pledged a further £2.0m donation to the Royal Academy, which can be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the ongoing financial impact of the pandemic. It is anticipated that this £2.0m donation will be drawn down next year.

Investments

Since November 2008, management of the Charity's investment portfolios has operated under agreements with Partners Capital. Since June 2014, this has operated under a Discretionary Management Agreement.

From November 2016 two further investment managers, Sarasin, and Troy, were engaged to initially manage the anonymous donor funds. Due to the size and nature of the endowment, the Investment Sub-committee took the opportunity to further diversify the Charity's overall investment portfolio and its counter-party risk. In January 2020, following a review of the overall strategic asset allocation of the portfolio, the Investment Sub-committee decided to divest from Troy's Trojan Fund, a diversified multi-asset fund, and Trojan Income Fund, a UK equity fund, in order to reinvest with an active global equity manager, Evenlode, who were appointed following a due tender process, and further rebalanced the overall asset allocation by trimming the level of investment with Sarasin and reinvesting these funds with Evenlode.

The overall investment strategy is seeking to provide a reasonable level of return, while ensuring that the "real" value of the capital is maintained, such that the trustees will be able to continue similar distributions in the future. Distributions for restricted and unrestricted designated funds are in accordance with specific restrictions and distribution rates, at various rates up to 4%. The trustees have set an annual target distribution rate of 4% for unrestricted and general-purpose permanent endowment funds. To achieve this, a long-term investment objective of inflation plus 4% has been identified as appropriate. Whilst it is the intention to create an investment solution that meets this long-term objective, it is recognized that there will be periods when lower returns will be expected.

The primary purpose of the Partners Capital investment portfolio is to support the long-term operating and capital needs of the Royal Academy. To this end, the overall portfolio is managed to maximise the long-term total return of the portfolio, subject to maintaining a reasonable level of risk of loss. The main investment portfolio supports the operating and capital needs of the Royal Academy through an annual spending rate, which is reviewed periodically to ensure the spending rate is sustainable over the long-term.

The Trust's objective from the Partners Capital investment portfolio is to preserve and, if possible, to enhance the purchasing power of its assets, after annual spending and all costs and expenses, over rolling three-year periods. This objective implies a minimum time-weighted net return target for the Trust more than the RA's estimated cost inflation (estimated at 2.5%, based on forecast long run UK inflation of 2.5%) plus the spending rate (as defined above of 4% per annum). This equates to a minimum annual return of 6.5% p.a. Actual returns will need to be more than this minimum target to cover the costs of portfolio management and to provide a cushion over the longer-term.

The Charity's investment portfolio with Sarasin operates under a Discretionary Client Agreement signed in November 2016. The aim of the portfolio is to enhance the capital value over the longer term, whilst generating sufficient income to meet the Charity's requirements, for which a "real return" of 4% per annum has been targeted. The Charity's investments are held in the Sarasin Endowments Fund and the Sarasin Climate Active Endowments Fund; the objective of both these funds is to achieve long-term capital and income growth.

Since January 2020, the Charity has invested in the Evenlode Global Income Fund, which aims to produce attractive long-term total returns, with an emphasis on income. The fund aims to grow dividend income (notwithstanding any short-term impact of Covid-19) by a conservative 6% per annum, or about 3% real in the long-term. The fund further targets capital growth (excluding dividend income referred to above) of over 6% per annum or 3% real.

Endowments

The Charity has five permanent endowments. These are managed by the trustees on a total return basis. This means that the funds are invested to maximise the total return on investment without regard to whether that return is in the form of income from dividends or interest or capital appreciation. The trustees decide each year how much of that return is released to restricted income funds for spending and how much is retained for investment. The allocation is made on an equitable basis to balance the need to fund annual levels of distribution and the maintenance over time of the real value of the endowment. Until transferred, the unapplied total return remains invested as part of the permanent endowment.

The trustees have noted the value of the gift for each of the five permanent endowments received, since each fund was established. This provides the baseline value of the gift component of each endowment to which any subsequent gift of endowment is added. The difference between the total of the endowment fund and the value of the gift component represents the balance of unapplied total return. Having considered their obligations as outlined above, the trustees decided to make transfers from unapplied total return to restricted income funds for the year ended 31 August 2022 of £0.1m (2021: £0.1m) for the Ivor Rey scholarship fund to support the annual award to enable students of the Royal Academy Schools to visit Paris, France for the purpose of studying art; £0.2m (2021: £0.6m) from the Paul Mellon endowment fund to support Royal Academy revenue projects; £0.1m (2021: £0.1m) from the McAulay Scholarship Fund endowment to support students in the Royal Academy Schools; and £nil from the Armando Garza Sada Sr. Memorial fund, which was established in 2022. The trustees approved a further £nil (2021: £0.3m) to be distributed from the Paul Mellon restricted funds to support Royal Academy capital projects. With regard to the anonymous donor fund, investment returns were retained in the unapplied total returns until the end of June 2022. At this point, the trustees decided to transfer £0.7m from unapplied total return to restricted income funds covering the period from the end of June 2022 to 31 August 2023 to support the ongoing revenue projects of the Royal Academy. In making these decisions the trustees have taken account of the investment climate, the return on investment for the year, previous levels of allocations from the unapplied total returns and the income needs of the Charity.

Responsible Investment Policy

The Charity is committed to investing its funds in a socially responsible basis. In June 2021, the trustees approved the Charity's Ethical Investment Policy ("the Policy"). In May 2022, the Policy was reviewed by the Investment Sub-committee with minor amendments, including a change in the Policy name to the Responsible Investment Policy. This better reflects the objectives and principles contained in the Policy. This amended Policy was approved by the Trust Executive in September 2022, with an update provided to the full Trustee Board in September 2022. The Policy has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the Charity's values of strong ethical principles. The Policy applies to the full scope of the investments held by the Charity. The Charity believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance ("ESG") issues. The Investment Sub-committee monitors the operation and the effectiveness of the Policy and provides the trustees with an annual update. The first annual ESG review and report from the Investment Sub-committee in respect of the period to 31 August 2022 was presented to the full Trustee Board in September 2022. The Investment Sub-committee was pleased to report the progress made over the past year or so but hoped to see further improvements over the following 12 months.

The Charity has identified two sets of principles which accord with its values and aspirations in this area, one relating to the operations of its fund managers and the other to setting appropriate standards for all its investments. Firstly, The United Nations Principles for Responsible Investment ("UNPRI"): these six principles have been developed, inter alia, to "better align investors with the broader objectives of society". The Charity therefore expects that its fund managers will be signatories of the UNPRI and follow its principles in the way they operate. Secondly, The United Nations Global Compact: The Charity also supports the ten principles of the United Nations Global Compact, which stem from the acceptance that, as with the Charity itself, corporate sustainability starts with an entity's value system and a principled approach to the way it operates. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption.

In managing its investments, the Charity therefore expects its appointed investment managers to encourage good behaviour and discourage poor behaviour through the screening of investments (using the principles above or an equivalent framework) and through the direct engagement with the companies in which they invest. In doing so, they should promote sustainability, good business ethics, good employment practices and the transition to a low carbon economy.

The Charity is particularly concerned about the following ESG issues and will continue to adopt investment strategies that seek to minimise or, ideally, eliminate investments in companies with corporate behaviour leading to: environmental degradation and climate change; the manufacture of controversial weapons, including cluster munitions, landmines, biological and chemical weapons, nuclear and depleted uranium weapons; tobacco production, cultivation, and manufacture; and adult entertainment (pornography) production, distribution, retail, and ownership. Such investment strategies are not in line with the Charity's values and may damage the Charity's reputation and impact fundraising and so are not in the Charity's best interest.

During the financial year ended 31 August 2021, the Charity made an initial investment of £2.0m in the Sarasin Climate Active Endowments Fund, with a further £3.0m invested in October 2021. The Charity further approved in February 2022 a commitment of c.£0.5m ($0.7m) to the 2022 vintage of the Partners Capital 15 degrees Fund, representing 50% of the annual £1.0m Private Equity commitment target.

Related party transactions
Related party transactions are disclosed in note 20 to the financial statements.

Reserves policy
The Charity holds its free reserves as investment funds from which it can generate income and capital gains for the future support of the Royal Academy. The current statement of investment principles and the distribution policy recognise the objective of delivering financial support for the Royal Academy that will be sustainable for the foreseeable future. The trustees have not established a minimum or maximum level of free reserves as they wish to be able to balance the need to respond to immediate special needs of the Royal Academy and to ensure sustained support. As at 31 August 2022, the Charity held total funds of £53.1m (2021: £52.3m), of which £18.3m (2021: £17.9m) were unrestricted funds for which £11.9m (2021: £11.8m) is both unrestricted and not designated; £21.2m (2021: £22.3m) endowment funds; and £13.6m (2021: £12.1m) restricted funds.

FUNDRAISING
The Charity has a cost of raising funds in the financial statements in relation to investment fund manager fees and staff costs for administering legacies to generate funds on behalf of the Royal Academy. The Charity does not actively fundraise and any approach to fundraising would take account of the Code of Fundraising Practice issued by the Fundraising Regulator. The Royal Academy is registered with the Fundraising Regulator, submits annual complaints returns to the Regulator and provides statements on particular areas of fundraising (including complaints) in its annual report. These complaints returns and statements include activities which might technically fall under the remit of the Charity. The Regulator has approved this arrangement and confirmed that the Charity is not required to maintain a separate registration with the Regulator.

STATEMENT OF TRUSTEES' RESPONSIBILITIES
The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 charity will continue in business;
- Observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information
So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Lady Myners, Chair

7 December 2022

Date:

Royal Academy Trust
Independent Auditors' Report to the Trustees of Royal Academy Trust

Opinion

We have audited the financial statements of the Royal Academy Trust ("the Charity") for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2022, and of its incoming resources and application of resources 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 Charities Act 2011.

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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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.

Other information (continued)

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 course of 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 themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 8, the trustees 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 trustees are responsible for assessing the Charity'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 trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Charity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Charity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Charity.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the Charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the Charity complies with these requirements by discussions with management and those charged with governance;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Charity and Charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Moore Kingston Smith LLP
Statutory Auditor

Date: 13 December 2022

6th Floor
9 Appold Street
London EC2A 2AP

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Royal Academy Trust
Statement of Financial Activities
For the year ended 31 August 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total funds 2022 £	Total funds 2021 £ * see note 4 for comparatives
Income and endowments from:						
Donations and legacies	5	94,033	701,648	375,000	**1,170,681**	338,804
Investments	6	285,982	208,455	405,248	**899,685**	612,228
Total income		380,015	910,103	780,248	**2,070,366**	951,032
Expenditure on:						
Raising funds	8	(154,939)	-	8,290	**(146,649)**	(289,758)
Charitable activities						
Annual donation to the Royal Academy	7	(695,694)	(343,219)	-	**(1,038,913)**	(952,670)
Other donations to the Royal Academy	7	-	(16,976)	-	**(16,976)**	(2,016,828)
Total charitable activities		(695,694)	(360,195)	-	**(1,055,889)**	(2,969,498)
Total expenditure		(850,633)	(360,195)	8,290	**(1,202,538)**	(3,259,256)
Net gains / (losses) on investments	11	844,913	(548)	(911,528)	**(67,163)**	7,959,224
Net income / (expenditure)		374,295	549,360	(122,990)	**800,665**	5,651,000
Transfers between funds	15,16	-	1,010,418	(1,010,418)	**-**	-
Total funds brought forward		17,945,417	12,063,553	22,308,293	**52,317,263**	46,666,263
Total funds carried forward		**18,319,712**	**13,623,331**	**21,174,885**	**53,117,928**	52,317,263

All gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

Royal Academy Trust
Balance Sheet as at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	11	**52,870,235**	52,752,574
Current assets			
Debtors	12	**39,126**	28,553
Cash at bank and in hand		**274,013**	84,690
Total current assets		**313,139**	113,243
Liabilities			
Creditors - amounts falling due within one year	13	**(65,446)**	(548,554)
Net current assets / (liabilities)		**247,693**	(435,311)
Net assets		**53,117,928**	52,317,263
The funds of the charity:			
Endowment funds	15	**21,174,885**	22,308,293
Restricted funds	16	**13,623,331**	12,063,553
Unrestricted funds:			
Designated	17	**6,388,890**	6,154,765
Other		**11,930,822**	11,790,652
Total unrestricted funds		**18,319,712**	17,945,417
Total charity funds		**53,117,928**	52,317,263

Approved by the Trustees and authorised for issue on 7 December 2022

Lady Myners, Chair

Royal Academy Trust
Statement of Cash Flows
For the year ended 31 August 2022

	Note	2022 £	2021 £
Net cash used in from operating activities	14	**(467,044)**	(2,461,735)
Cash flow from investing activities			
Dividends and interest from investments	6	**899,685**	612,228
Fund manager fees	8	**(58,494)**	(205,148)
Payments to acquire fixed asset investments	11	**(17,866,442)**	(5,581,760)
Proceeds from investment disposals	11	**16,793,585**	6,043,862
Net movement in cash held in the investment portfolio	11	**888,033**	1,078,305
Net cash provided by investing activities		**656,367**	1,947,487
Net increase / (decrease) in cash and cash equivalents		**189,323**	(514,248)
Cash and cash equivalents at the beginning of the year		**84,690**	598,938
Cash and cash equivalents at the end of the year		**274,013**	84,690

1 General information

Royal Academy Trust ("the Charity") is a registered charity established to serve public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The registered office is Burlington House, Piccadilly, London.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The Charity is a Public Benefit Entity as defined by FRS 102.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. Going concern

The trustees consider that there are no material uncertainties affecting the Charity's ability to continue as a going concern for at least twelve months from the date of approval of the accounts.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

2 Summary of significant accounting policies (continued)

d. Funds structure (continued)

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are used at the trustees' discretion in furtherance of the general objectives of the Charity, including the general fund which represents the Charity's reserves. The major funds held in each of these categories are disclosed in notes 15 to 17.

e. Income

All income is recognised once the Charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

Donations are accounted for when received.

f. Legacies

Legacies are accounted for as income where there is clear entitlement; the amount can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the Charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

g. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities ("SOFA").

h. Raising funds

The costs of raising funds are those costs attributable to generating income for the Charity. These represent the legacy manager's salary costs, investment management fees and governance costs. Governance costs are primarily concerned with constitutional and statutory requirements.

2 Summary of significant accounting policies (continued)

i. Charitable activities

Costs of charitable activities comprise the donations made to the Royal Academy. Generally, donations are accounted for when paid. However, where the Royal Academy has incurred expenditure on a major capital project on the basis of a commitment from the Charity to reimburse costs, any costs not covered by donations paid in the year are provided for.

j. Investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. The SOFA includes any realised or unrealised gain / loss during the year.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

k. Realised gains and losses

All gains and losses are taken to the SOFA as these arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value or later purchase price. Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value or later purchase price.

l. Foreign currencies

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

m. Financial instruments

Financial instruments are recognised in the Charity's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

2 Summary of significant accounting policies (continued)

m. Financial instruments (continued)

Other financial assets
Other financial assets, including investments in equity instruments, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial liabilities
Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Fair value on derivatives

Derivatives are re-measured at fair value at the year end. Fair value at year end is determined by an independent external third party.

4 Prior year comparatives by type of fund

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Income and endowments from:				
Donations	323,476	15,328	-	**338,804**
Investments	145,657	87,843	378,728	**612,228**
Total income	469,133	103,171	378,728	**951,032**
Expenditure on:				
Raising funds	(284,812)	-	(4,946)	**(289,758)**
Charitable activities				
Annual donation to the Royal Academy	(177,329)	(775,341)	-	**(952,670)**
Other donations to the Royal Academy	(1,677,797)	(339,031)	-	**(2,016,828)**
Total charitable activities	(1,855,126)	(1,114,372)	-	**(2,969,498)**
Total expenditure	(2,139,938)	(1,114,372)	(4,946)	**(3,259,256)**
Net gains on investments	3,038,963	1,879,774	3,040,487	**7,959,224**
Net income	1,368,158	868,573	3,414,269	**5,651,000**
Transfers between funds	-	657,339	(657,339)	-
Total funds brought forward	16,577,259	10,537,641	19,551,363	**46,666,263**
Total funds carried forward	**17,945,417**	**12,063,553**	**22,308,293**	**52,317,263**

5 Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	**Total 2022 £**	Total 2021 £
General	48,361	700,000	375,000	**1,123,361**	287,798
Revenue projects:					
Schools	45,672	-	-	**45,672**	35,678
Library and collections	-	1,648	-	**1,648**	15,328
Total revenue projects	45,672	1,648	-	**47,320**	51,006
Total	**94,033**	**701,648**	**375,000**	**1,170,681**	338,804

6 Income from investments

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	**Total 2022 £**	Total 2021 £
Listed investments	285,583	208,455	405,248	**899,286**	612,028
Bank interest	399	-	-	**399**	200
Total	**285,982**	**208,455**	**405,248**	**899,685**	612,228

7 Analysis of expenditure on charitable activities

In the current year, the Charity made donations of £1,055,889 (2021: £2,969,498) to the Royal Academy, representing £nil (2021: £2,000,000) to the Burlington Project - Phase I; £16,976 (2021: £16,828) for the cataloguing project; £92,500 (2021: £92,500) for the Heinz Architecture Programme; £288,622 (2021: £232,257) for the Royal Academy Schools; £6,410 (2021: £6,410) for the Library; and £5,000 (2021: £5,000) for the Casson Drawing Prize in the Summer Exhibition, with the balance donated in support of the general activities of the Royal Academy.

7 Analysis of expenditure on charitable activities (continued)

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total 2022 £	Total 2021 £
Annual donation to the Royal Academy	695,694	343,219	-	**1,038,913**	952,670
Royal Academy revenue projects:					
Cataloguing project	-	16,976	-	**16,976**	16,828
Total revenue projects	-	**16,976**	-	**16,976**	16,828
Royal Academy capital projects:					
Burlington Project - Phase I	-	-	-	-	2,000,000
Total capital projects	-	-	-	-	2,000,000
Total	**695,694**	**360,195**	-	**1,055,889**	2,969,498

8 Analysis of expenditure on raising funds

	Unrestricted funds 2022 £	Restricted funds 2022 £	Endowment funds 2022 £	Total 2022 £	Total 2021 £
Fund manager fees / (rebate)	66,784	-	(8,290)	**58,494**	205,148
Staff costs	66,045	-	-	**66,045**	64,479
Auditors' remuneration	16,665	-	-	**16,665**	16,557
Bank charges	97	-	-	**97**	85
Exchange rate losses	3,239	-	-	**3,239**	242
Miscellaneous	2,109	-	-	**2,109**	3,248
Total	**154,939**	-	**(8,290)**	**146,649**	289,758

9 Trustees' remuneration, benefits and expenses

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee, or person related or connected by business to them, has received any remuneration from the Charity during the current or prior year. No expenses were reimbursed to trustees for travel to attend committee meetings of the Charity during the current or prior year.

10 Analysis of staff costs

The trustees have concluded that the Executive Committee comprise the key management personnel of the Charity. No remuneration was paid to key management personnel (2021: £nil).

10 Analysis of staff costs (continued)

	2022 £	2021 £
Salaries and wages	**55,229**	53,600
Social security costs	**5,397**	5,679
Employers pension contribution	**5,419**	5,200
Total	**66,045**	64,479

Salary costs represent the cost of staff employed by the Royal Academy and recharged to the Charity. The average number of permanent staff engaged by the Charity in 2022 was 1 (2021: 1).

11 Investments

Movement in market value of investments	2022 £	2021 £
Market value brought forward	**51,694,651**	44,197,529
Additions to investments at cost	**17,866,442**	5,581,760
Proceeds on disposal	**(16,793,585)**	(6,043,862)
Net (losses) / gain on investments	**(67,163)**	7,959,224
Market value of investments at 31 August	**52,700,345**	51,694,651

Market value of investments by type		2022 £	2021 £
Bonds		**3,557,296**	7,364,095
Property		**2,139,565**	2,718,307
Global equities		**25,102,068**	27,723,498
UK equities		**10,027,727**	7,681,375
Hedged equities		**501,655**	547,972
Absolute return		**3,862,601**	3,746,749
Alternative investments		**2,319,696**	1,244,507
Liquid assets		**5,189,737**	594,264
Commodities		**-**	73,884
Total market value of investments	[Historic cost of investments £40,372,381 (2021: £34,858,048)]	**52,700,345**	51,694,651
Cash holdings		**169,890**	1,057,923
Total		**52,870,235**	52,752,574
Investments under management were:			
Partners Capital LLP		**31,922,766**	33,698,234
Sarasin & Partners LLP		**15,662,367**	13,773,641
Evenlode Investment Management Limited		**5,285,102**	5,280,699
Total		**52,870,235**	52,752,574

All investments are carried at their fair value.

11 Investments (continued)

Significant investment holdings as a % of total investment portfolio based on market value at 31 August were:	2022	2021
Sarasin Endowments Fund	**20.43%**	22.23%
Partners Capital The Master Portfolio (C) Ltd	**11.29%**	11.67%
Evenlode Global Income Fund	**10.00%**	10.01%
Sarasin Climate Active Endowments Fund	**8.96%**	3.88%
Partners Capital Phoenix Fund II Ltd	**5.90%**	5.06%
Partners Capital Greyhawk Fund, LP	**4.70%**	6.81%
Partners Capital Falcon Fund (C) Ltd	**3.86%**	7.29%
Partners Capital Harrier Fund (C) Ltd	**3.74%**	4.08%
Vanguard UK Inflation Linked Gilt Index Fund	**3.34%**	1.48%
Partners Capital Condor Fund XII	**3.13%**	2.27%
Total	**75.35%**	74.78%

12 Debtors

	2022	2021
	£	£
Amounts due from R.A. Enterprises Limited	**39,126**	28,553
Total	**39,126**	28,553

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors - amounts falling due within one year

	2022	2021
	£	£
Amounts due to the Royal Academy	**39,195**	435,941
Accruals	**26,251**	112,613
Total	**65,446**	548,554

14 Notes to the statement of cash flows

	2022	2021
	£	£
Net income	**800,665**	5,651,000
Adjustments for:		
- Losses / (gains) on investments	**67,163**	(7,959,224)
- Dividends and interest from investments	**(899,685)**	(612,228)
- Fund manager fees	**58,494**	205,148
- (Increase) / decrease in debtors	**(10,573)**	157,331
- (Decrease) / increase in creditors	**(483,108)**	96,238
Cash flow used in operating activities	**(467,044)**	(2,461,735)

15 Analysis of endowment funds

		Balance at 2021 £	Gift of endowment £	Investment returns less fund manager fees £	Unapplied total return allocated to income £	Balance at 2022 £
The Ivor Rey scholarship fund:	a					
- Trust for investment		404,400	-	-	-	**404,400**
- Unapplied total return		312,125	-	46,959	(14,532)	**344,552**
Paul Mellon endowment fund:	b					
- Trust for investment		3,039,283	-	-	-	**3,039,283**
- Unapplied total return		-	-	199,186	(199,186)	-
Anonymous donor fund:	c					
- Trust for investment		12,229,042	-	-	-	**12,229,042**
- Unapplied total return		4,803,402	-	(852,270)	(696,700)	**3,254,432**
McAulay Scholarship fund:	d					
- Trust for investment		1,265,918	-	-	-	**1,265,918**
- Unapplied total return		254,123	-	96,343	(100,000)	**250,466**
Armando Garza Sada Sr. Memorial fund:	e					
- Trust for investment		-	375,000	-	-	**375,000**
- Unapplied total return		-	-	11,792	-	**11,792**
Total		**22,308,293**	**375,000**	**(497,990)**	**(1,010,418)**	**21,174,885**

The anonymous donor fund is invested with Sarasin & Partners LLP ("Sarasin") and Evenlode Investment Management Limited ("Evenlode"). Whilst, there was a small positive return from the investment with Evenlode, the investment with Sarasin had a negative return of over 5% in the year. All other funds are invested with Partners Capital LLP ("Partners Capital"), who also generated positive returns in the year.

a. The Ivor Rey scholarship fund

In March 2013, £361,303 was received from the estate of Ivor Rey to establish the Ivor Rey scholarship fund which is held as a permanent endowment and is being accounted for on a total return basis. A further £43,097 was received in December 2016. The purpose of the fund is to provide an annual award from investment returns to enable students of the Royal Academy of Arts Schools ("Royal Academy Schools") to visit Paris, France for the purpose of studying art.

b. Paul Mellon endowment fund

The Paul Mellon endowment fund was established in 2000 by a $5,000,000 / £3,039,283 legacy from Paul Mellon. It is held as a permanent endowment and is being accounted for on a total return basis. The terms of the bequest restrict the investment returns arising from it to the general purpose of the Royal Academy.

c. Anonymous donor fund

A donor, whose identity is known to the Charity, but who wished to remain publicly anonymous pledged $23,000,000 in October 2015, to be paid in eight equal annual instalments from December 2015, but with the donor having the right to accelerate any one or more of such instalments. $15,333,333 (£10,000,000 based on the exchange rate at date of pledge) is to be held as a permanent endowment and is being accounted for on a total return basis, with investment returns generated being available to the Royal Academy for unrestricted revenue projects from June 2022, with the remaining $7,666,667 (£5,000,000 based on the exchange rate at date of pledge) being available to the Royal Academy for a restricted capital project, Burlington Project - Phase III.

Two instalments were received ($5,750,000 / £3,966,198) in the period to 31 August 2017. Payment of the remaining instalments was accelerated, with the balance received during the year ended 31 August 2018. £12,229,042 ($15,000,000) is included in the endowment funds above (including a £2,229,042 realised foreign exchange gain), with £5,000,000 included in restricted funds - Burlington Project III (see note 16).

d. McAulay Scholarship fund

A donation of $1,323,364 / £1,066,455 was received from the McAulay family in August 2020 to support two full scholarships for students at the Royal Academy Schools in perpetuity. The donor's expressed intention was for these funds to "top up" the existing fund established in 1998 to provide fees and maintenance for a student at the Royal Academy Schools. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the scholarships.

e. Armando Garza Sada Sr. Memorial fund

A donation of £375,000 was received from Brenda Garza in April 2022 to support an annual symposium in memory of Armando Garza Sada Sr. which will focus on an artist, or artists, that have been significantly underrepresented within art history. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the symposium.

16 Analysis of restricted funds

		Balance at 2021 £	Income and fund growth in year £	Utilised in year £	Unapplied total return from endowments £	Balance at 2022 £
Heinz Architecture fund	16.a	4,411,520	283,056	(92,500)	-	**4,602,076**
Salaman-Seelig art fund	16.b	88,259	5,325	(7,000)	-	**86,584**
The Ivor Rey scholarship fund	15.a	24,097	628	(14,532)	14,532	**24,725**
Paul Mellon endowment fund	15.b	617,807	30,921	(146,000)	199,186	**701,914**
Anonymous donor fund	15.c	-	-	-	696,700	**696,700**
McAulay Scholarship fund	15.d	-	-	(50,000)	100,000	**50,000**
Cataloguing project	16.c	15,328	1,648	(15,328)	-	**1,648**
Greenham fund	16.d	216,670	13,835	(5,570)	-	**224,935**
The Starr Fellowship	16.e	1,304,312	83,601	(28,685)	-	**1,359,228**
Weiss fund	16.f	22,377	1,429	(580)	-	**23,226**
Burlington Project - Phase III	16.g	5,363,183	(234,280)	-	-	**5,128,903**
The Thorogood Smith Scholarship	16.h	-	571,754	-	-	**571,754**
James Paradise Annual Giving Fund	16.i	-	151,638	-	-	**151,638**
Total		**12,063,553**	**909,555**	**(360,195)**	**1,010,418**	**13,623,331**

The Burlington Project – Phase III fund is invested with both Sarasin and Partners Capital. The investment with Sarasin had a negative return of over 5% in the year, whereas Partners Capital generated a positive return. All other funds are invested with Partners Capital.

a. Heinz Architecture fund

The Heinz Architecture fund comprises a major donation received in 1993 to support the development of the architecture programme of the Royal Academy. The trustees make a donation each year to support the costs of the programme.

b. Salaman-Seelig art fund

The Salaman-Seelig art fund was established in 2016 by a £71,550 legacy from Auriol Seelig. The purpose of the fund is to make an annual award to a 2nd year student of the Royal Academy Schools. It is anticipated that the award will be made for 12 consecutive years.

16 Analysis of restricted funds (continued)

c. Cataloguing project

The cataloguing project was established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

d. Greenham fund

The Greenham fund was established in 1992 through donations from trusts, private individuals and an auction of donated works. The purpose of the fund is to provide a three year bursary for a student of the Royal Academy Schools, selected by the Keeper of the Royal Academy Schools.

e. The Starr Fellowship

The Starr Fellowship was established in 1987, with subsequent donations in 1998, 1999, 2000, 2001 and 2004. The fund is used to support an annual fellowship for American nationals with a contemporary art practice with a bursary of £26,000 and to support the Royal Academy Schools general running costs that allow the fellowship to be offered.

f. Weiss fund

The Weiss fund was established in 2005 by a donation of £10,000 from Edna Weiss. The purpose of the fund is to make an annual award of £560 to a student of the Royal Academy Schools working in a figurative style.

g. Burlington Project - Phase III

As disclosed in note 15.c, a donor, whose identity is known to the Charity but who wished to remain publicly anonymous, donated £5,000,000 in 2018 to the Burlington Project - Phase III. In both 2018 and 2019 £500,000 was donated to the Royal Academy in respect of costs incurred to date by the Royal Academy on this project, with the remaining £4,000,000 being held by the Charity until required by the Royal Academy.

h. The Thorogood Smith Scholarship

The Thorogood Smith Scholarship was established in 2022 by a legacy of £550,000 from Janet Smith. The purpose of the fund is to provide a scholarship to one student of the Royal Academy Schools, with the investment returns being used to cover the cost of tuition and to provide an annual bursary to the student. If a suitable student can be found with the necessary talent, the scholarship will be given to a Mouth and Foot Painting Artist from the charity MFPA (registered charity number 328151).

i. James Paradise Annual Giving Fund

The James Paradise Annual Giving Fund was established in 2022 by a donation of £150,000 from James Paradise. The purpose of the fund is to provide two annual prizes of £3,000 each to two students of the Royal Academy Schools for their works in the annual Premiums show.

17 Analysis of designated funds

The trustees have designated the funds detailed below out of unrestricted funds:

		Balance at 2021 £	Utilised in year £	Income and fund growth in year £	Balance at 2022 £
General	a	1,855,845	(57,895)	117,832	**1,915,782**
Sir Roger de Grey Memorial Fund	b	155,383	(3,529)	9,952	**161,806**
Casson Award	d	377,231	(5,000)	24,395	**396,626**
Eranda Professor	e	172,101	(5,170)	10,941	**177,872**
Cheneviére Travel Award	f	191,290	(5,740)	12,160	**197,710**
Schools Portfolio Fund	g	172,468	(5,180)	10,964	**178,252**
Patricia Turner Award	h	394,722	(11,850)	25,093	**407,965**
The Pauline Sitwell Bursary Fund	i	468,417	(14,060)	29,777	**484,134**
Maintenance Fund	j	2,367,308	(93,270)	194,705	**2,468,743**
Total		**6,154,765**	**(201,694)**	**435,819**	**6,388,890**

a. General

In 1998, the Charity received £1,359,212 from the Royal Academy in respect of several small trusts. These trusts represent funds donated in support of scholarships and prizes in the Royal Academy Schools; maintenance of the Royal Academy Collections; and the general purposes of the Royal Academy. The Charity Commission gave permission for these funds to be transferred to the Charity on the basis of the improvements to investment performance and administration likely to ensue. These funds have been treated as designated funds that have been set aside out of the unrestricted funds by the trustees for specific purposes.

b. Sir Roger de Grey Memorial Fund

The fund was launched in 1996 to establish a source of funds to provide student maintenance grants for students at two independent institutions with which Sir Roger was associated: the Royal Academy Schools and the City & Guilds of London Art School. Sir Roger was President of the Royal Academy from 1984 to 1993 and Principal of the City & Guilds from 1973 until his death in 1995. Funds totalling £80,000 were invested on the understanding that annual maintenance grants would be made to each fine art school (split evenly between them).

d. Casson Award

The fund was created in 2001 to establish a prize for drawing to be awarded during the Summer Exhibition with initial funds totalling £107,000. The fund was increased in 2013 and 2015 through bequests of £88,482 and £20,152 respectively received from the estate of Mrs Anne Marjorie Crosthwait.

e. Eranda Professor

The fund was created in 2001 to establish a professorship in the Royal Academy Schools. An initial donation of £120,000 from the Eranda Foundation was earmarked for investment by the Charity on the understanding that this would fund a professor in the Royal Academy Schools. Further funds of £20,000 were donated in 2012 by the Trustees of the Eranda Foundation.

f. Cheneviére Travel Award

The fund was launched in 2001 to establish a source of funds to provide a travel bursary for a student in the Royal Academy Schools. Funds totalling £144,000, raised by the Cheneviére family, were earmarked by the trustees and invested on the understanding that a travel award would be made each year to a student in the Royal Academy Schools.

17 Analysis of designated funds (continued)

g. Schools Portfolio Fund

The fund was created in 2001 to establish a source of funds providing maintenance for students at the Royal Academy Schools.

h. Patricia Turner Award

In November 2001 the Charity earmarked £200,000 of donations to establish a fund to provide a grant to a graduating student in 3D media.

i. The Pauline Sitwell Bursary Fund

In May 2012, £250,000 from Pauline Sitwell's bequest to the Royal Academy, as a whole group, was paid directly to the Charity to establish the Pauline Sitwell Bursary Fund. The purpose of the fund is to provide an annual bursary award to assist students of the Royal Academy Schools with living costs. The annual award was set at £7,500 per annum, but is subject to annual review by trustees of the Charity.

j. Maintenance Fund

The fund was created in 2004 to provide maintenance for students at the Royal Academy. In addition to investment income received, a total of £45,672 has been added to this fund during 2022 (2021: £35,678), arising from fundraising activities.

An annual donation is made from each designated fund to the Royal Academy in line with the wishes of each fund. This will continue until each fund has been fully drawndown.

Analysis of net assets between designated funds	**Investments £**	**Net current assets £**	**Total net assets £**
General	1,915,782	-	**1,915,782**
Sir Roger de Grey Memorial Fund	161,806	-	**161,806**
Casson Award	396,626	-	**396,626**
Eranda Professor	177,872	-	**177,872**
Cheneviére Travel Award	197,710	-	**197,710**
Schools Portfolio Fund	178,252	-	**178,252**
Patricia Turner Award	407,965	-	**407,965**
The Pauline Sitwell Bursary Fund	484,134	-	**484,134**
Maintenance Fund	2,423,071	45,672	**2,468,743**
Total	**6,343,218**	**45,672**	**6,388,890**

18 Analysis of net assets between funds

	Investments £	**Net current assets £**	**Total net assets £**
Endowment funds	21,149,752	25,133	**21,174,885**
Restricted funds	13,621,683	1,648	**13,623,331**
Unrestricted funds:			
Designated	6,343,218	45,672	**6,388,890**
Other	11,755,582	175,240	**11,930,822**
Total	**52,870,235**	**247,693**	**53,117,928**

19 Financial instruments

The financial statements include the following in respect of items held at fair value at 31 August:

	2022 £	2021 £
Financial assets measured at amortised cost	**39,126**	28,553
Financial liabilities measured at amortised cost	**65,446**	548,554
Financial assets measured at fair value through the SOFA	**52,870,235**	52,752,574

20 Related party transactions

The Royal Academy made a donation of £1,648 to the Charity related to unspent funds from the cataloguing project (2021: £15,328). The Charity donated £1,055,889 (2021: £2,969,498) to the Royal Academy; £nil (2021: £2,000,000) towards the Burlington Project - Phase I; and £1,055,889 (2021: £969,498) to support various campaigns and capital projects. At the year end £39,195 was outstanding and included within creditors (2021: £435,941).

R.A. Enterprises Limited made a donation of £39,126 (2021: £28,533) to the Charity for future funding of the Royal Academy Schools. At the year end £39,126 (2021: £28,533) was outstanding and included within debtors.

Royal Academy Trust

England & Wales - Charity number 1067270

Accounts

ROYAL ACADEMY TRUST

Registered Charity No. 1067270

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2021

Royal Academy Trust
Reference and Administrative Details

Honorary President
HRH The Prince of Wales

Trustees in the financial year and at the date of signing:
Lady Myners (Chair)
Robert Suss (Deputy Chair)
President of The Royal Academy of Arts (Ex officio) - Rebecca Salter PRA
Treasurer of The Royal Academy of Arts (Ex officio) - Chris Wilkinson OBE RA (retired 31 October 2020)
Treasurer of The Royal Academy of Arts (Ex officio) - Peter St. John (appointed 1 November 2020)
Secretary & Chief Executive of The Royal Academy of Arts (Ex officio) - Axel Rüger
Petr Aven
Stefan Bollinger (appointed 13 July 2021)
Aryeh Bourkoff
Varun Chandra (appointed 23 September 2020)
Richard Chang
Adrian Cheng
Melanie Clore
Lady Deighton
Sir Lloyd Dorfman CBE
Pesh Framjee
Stephen Fry (retired 26 February 2021)
Stephen Gosztony
Lady Heywood
Clive Humby
Philip Marsden (retired 3 December 2020)
Dame Carolyn Julia McCall DBE
Scott Mead
Batia Ofer
Duru Olowu (retired 5 January 2021)
Christina Ong (retired 23 September 2020)
Ina Sandmann (appointed 7 September 2020)
Sian Westerman
Peter Williams (retired 3 December 2020)
Iwan Wirth (retired 6 October 2020)
Andrea Wong
The Hon William Yerburgh

Emeritus and Honorary Trustees
Lord Aldington
Susan Burns
Sir James Butler CBE DL
Sir David Cannadine FBA
Sir Richard Carew Pole Bt OBE DL
Sir Trevor Chinn CVO
John Coombe
Ambassador Edward E Elson
John Entwistle OBE
Michael Gee
The Rt. Hon. The Earl of Gowrie
HRH Princess Marie-Chantal of Greece
C. Hugh Hildesley

Emeritus and Honorary Trustees (continued)
Anya Hindmarch CBE
Susan Ho
Lady Lever
Sir Sydney Lipworth
The Rt. Hon. The Lord Luce, GCVO DL
Sir Keith Mills GBE DL
Ludovic de Montille
Lord Davies of Abersoch
Minori Mori
John Raisman CBE
John A. Roberts FRIBA
Sir Simon Robertson
Lord Rose of Monewden
Sir Evelyn de Rothschild
Maryam Sachs
Richard Sharp
David Stileman
Peter Williams (appointed 3 December 2020)

Executive Committee
Lady Myners (Chair)
Robert Suss (Deputy Chair)
Chris Wilkinson OBE RA (retired 31 October 2020)
Peter St. John (appointed 1 November 2020)
Axel Rüger
Rebecca Salter PRA
Pesh Framjee
Stephen Gosztony
Lady Heywood
Philip Marsden (retired 3 December 2020)
Peter Williams (retired 3 December 2020)

Investment Sub-committee membership in the financial year and at the date of signing:
Peter Williams (Chair) (retired 18 November 2020)
Stephen Gosztony (Chair) (appointed to Committee 1 September 2020; appointed as Chair 18 November 2020)
Adam Bennett
Richard Milliken (retired 18 November 2020)
Stephen Nelson
Alice Ryder (appointed 2 June 2021)
Robert Suss
Nigel Thomas
Andrew Threadgold

Registered Office
Burlington House
Piccadilly
London W1J 0BD

Royal Academy Trust
Reference and Administrative Details

Advisers:

Auditors
Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers
Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2V 7HN

Solicitors
Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Withers LLP
16 Old Bailey
London EC4M 7EG

Investment Managers
Partners Capital LLP
5th Floor
5 Young Street
London W8 5EH

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Evenlode Investment Management Limited
The Long Barn
Chalford Park Barns
Oxford Road
Chipping Norton
Oxfordshire OX7 5QR

Royal Academy Trust
Trustees' Report
For the year ended 31 August 2021

The trustees present their report and financial statements for the year ended 31 August 2021.

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution
Royal Academy Trust ("the Charity" or "the Trust") was established under a Trust Deed dated 11 February 1981 to serve the public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The Trust became separately registered as a charity on 8 January 1998. The Trust Deed has been amended several times, including in June 2019, to change the name of the Trust from Royal Academy Development Trust to Royal Academy Trust and to amend term limits for appointed trustees (see below under "Governance and management").

Governance and management
The Charity is governed by trustees, who are men and women of distinction from business and the wider community.

The maximum number of trustees is 35 at any one point in time. The trustees consist of the President, Treasurer and the Secretary and Chief Executive of the Royal Academy, *ex officio*, and other trustees who shall serve a three year initial term, after which they are eligible for a three year renewal term, and in exceptional circumstances further terms each of no more than three years.

The trustees and officers who served during the year ended 31 August 2021 and at the date of signing are shown on pages 1 and 2 of the annual report and financial statements.

The management of the funds and distributions to the Royal Academy up to £1.0m per annum has been delegated to the Charity's Executive Committee, chaired by the Chair of the Trust. Other distributions to the Royal Academy in excess of this must be approved by the full Trustee Board. The timing and execution of such distributions may be delegated to the Charity's Executive Committee.

The trustees are responsible for approving adequate arrangements for induction and training for new trustees and to this end a programme has been arranged to include formal inductions by the Chair and by the Royal Academy General Counsel, together with an informative welcome pack and an introductory tour. Key documents and information are re-circulated to current trustees on an annual basis.

The trustees have a risk management process. Risks are recorded in a Risk Register and mitigating actions implemented and monitored. The major risk for the Charity is exposure to a volatile financial market. This is mitigated by the frequent monitoring and broad spread of the funds to managed investments. This risk, along with any other is considered by the trustees and is part of the Risk Register reviewed by the Charity's Investment Sub-committee and Executive Committee on an annual basis.

The main investment portfolio is managed by the trustees, through the Investment Sub-committee, based on advice from Partners Capital LLP ("Partners Capital"). Further investment funds are held with Sarasin & Partners LLP ("Sarasin") and Evenlode Investment Management Limited ("Evenlode"). These managers are similarly overseen by the Investment Sub-committee.

The Investment Sub-committee advises the board of trustees on investment policy and risk. The Investment Sub-committee comprises trustees with investment experience and non-trustees chosen for their experience of investment management.

Charity Governance Code
The Charity and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

During the financial year the Charity:

- Continued to provide its recently enhanced induction information to new trustees, including a "questions and answers" document, authored by the Charity's Chair. The document provides information on: the Royal Academy's history; its wider governance structure (as well as the Charity's, more specifically); roles and responsibilities across the Royal Academy and how these interact with the role of the Charity and its trustees; and key challenges facing the Charity;
- Arranged induction meetings for new trustees with the Secretary & Chief Executive and key members of the Senior Leadership Team of the Royal Academy, to better understand their work and the role of the Charity in the wider Royal Academy context;
- Continued to review appointments and develop the constitution of the trustee Board, to comply with term limits and good governance practice.

The Charity continued to work to specific policies and procedures, such as those relating to gift acceptance, which apply across the Royal Academy.

Royal Academy Trust
Trustees' Report
For the year ended 31 August 2021

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The object of the Charity is the maintenance, development, advancement and preservation of the Royal Academy, a legally separate charity based in London, through which the arts of design are promoted by its charitable objects, which are stated as:

- The promotion of the arts of design
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

Current year objectives

- To provide revenue support for the activities of the Royal Academy through an annual donation funded by the Charity's investment funds and to support the objectives of the Royal Academy.
- To provide support to the Royal Academy's Coronavirus Emergency Support Fund fundraising initiatives to mitigate the financial impact of the Covid-19 pandemic to the Royal Academy.
- To manage the growth of the Charity's investment funds and maintain a reasonable level of risk.

In setting these objectives, the trustees confirm that they comply with their duty in section 17 of the Charities Act 2011 to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE

Financial review

Income for the year ended 31 August 2021 totalled £0.9m (2020: £1.2m). There were donations of £0.3m in support of Royal Academy cultural activities (2020: £0.6m). There was also £0.6m of investment income (2020: £0.6m). Net gains on investments were £8.0m (2020: £1.4m).

Donations to the Royal Academy of £3.0m (2020: £2.4m) were made up of £1.0m (2020: £0.9m) in support of revenue projects and £2.0m (2020: £1.5m) in support of capital projects. The former comprises £0.9m (2020: £0.8m) as an annual donation and £0.1m (2020: £0.1m) for specific projects. £0.3m (2020: £0.3m) of the annual donation relates to designated/restricted funds, whilst £0.6m (2020: £0.5m) relates to a just under 4% distribution from unrestricted and general-purpose endowment/restricted funds broadly in line with the target annual distribution rate of 4% set by the trustees for year ended 31 August 2020 and future financial years.

During the year ended 31 August 2018, the remaining $17.2m (£13.2m) of a $23.0m pledge from a donor, who wished to remain publicly anonymous, was received; $5.8m (£4.0m) having been received in the year ended 31 August 2016. Of the £17.2m ($23.0m) received, £12.2m is being held as a permanent endowment; with £5.0m as a restricted fund to be made available to the Royal Academy when required for Phase III of the Burlington Project.

Of the original donation, £9.8m of the £12.2m received in respect of the permanent endowment was invested with Sarasin and £2.0m with Troy as at 31 August 2019, with a further £0.4m invested with Sarasin in September 2019. During the previous financial year, the Investment Sub-committee decided to divest from Troy placing the balance of the investment of £2.3m (including £0.3m investment gains) with Evenlode, with a further £2.0m being divested from Sarasin and placed with Evenlode. During the current financial year, a further £2.0m was invested with Sarasin and divested from Partners Capital. The value of the Sarasin and Evenlode funds including £4.9m income to date (2020: £2.4m) was £19.1m as at 31 August 2021 (2020: £14.6m).

The value of the Partners Capital investment portfolio increased by £1.9m net (2020: £0.5m) to £33.7m (2020: £31.8m), which included a drawdown of £2.0m for the Burlington Project – Phase I, described further below, and £2.0m divested and placed with Sarasin. Total investment funds across the three investment managers, including cash at bank held with Lloyds Bank Plc, increased to £52.8m (2020: £46.9m) after income, distributions, and other expenditure.

Included in this amount are funds donated for the Royal Academy to be held in investments by the Charity. These funds are held by the Charity until they are required for specific projects of the Royal Academy and are invested by the Charity to provide future funding for the charitable objects of the Royal Academy. These are treated as assets of the Charity and are held for the maintenance, development, advancement, and preservation of the Royal Academy.

In November 2020, the trustees approved a further £2.0m donation to the Royal Academy towards Burlington Project – Phase I cost overruns, with £1.3m duly distributed in December 2020 and the remaining £0.7m in January 2021. The Charity had previously agreed to fund up to £5.0m of cost overruns, for which £3.0m had been donated previously. It was originally anticipated that the final £2.0m donation would not be required until the year ended 31 August 2023, but because of the significant financial challenges facing the Royal Academy resulting from the Covid-19 pandemic, an earlier donation was made. Furthermore, in November 2020, the trustees pledged a further £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19.

Investments

Since November 2008, management of the Charity's investment portfolios has operated under agreements with Partners Capital. Since June 2014, this has operated under a Discretionary Management Agreement.

From November 2016 two further investment managers, Sarasin, and Troy, were engaged to initially manage the anonymous donor funds. Due to the size and nature of the endowment, the Investment Sub-committee took the opportunity to further diversify the Charity's overall investment portfolio and its counter-party risk. In January 2020, following a review of the overall strategic asset allocation of the portfolio, the Investment Sub-committee decided to divest from Troy's Trojan Fund, a diversified multi-asset fund, and Trojan Income Fund, a UK equity fund, in order to reinvest with an active global equity manager, Evenlode, who were appointed following a due tender process, and further rebalanced the overall asset allocation by trimming the level of investment with Sarasin and reinvesting these funds with Evenlode.

The overall investment strategy is seeking to provide a reasonable level of return, while ensuring that the "real" value of the capital is maintained, such that the trustees will be able to continue similar distributions in the future. Distributions for restricted and unrestricted designated funds are in accordance with specific restrictions and distribution rates, at various rates up to 4%. The trustees have set an annual target distribution rate of 4% for unrestricted and general-purpose permanent endowment funds. To achieve this, a long-term investment objective of inflation plus 4% has been identified as appropriate. Whilst it is the intention to create an investment solution that meets this long-term objective, it is recognized that there will be periods when lower returns will be expected.

The primary purpose of the Partners Capital investment portfolio is to support the long-term operating and capital needs of the Royal Academy. To this end, the overall portfolio is managed to maximise the long-term total return of the portfolio, subject to maintaining a reasonable level of risk of loss. The main investment portfolio supports the operating and capital needs of the Royal Academy through an annual spending rate, which is reviewed periodically to ensure the spending rate is sustainable over the long-term.

The Trust's objective from the Partners Capital investment portfolio is to preserve and, if possible, to enhance the purchasing power of its assets, after annual spending and all costs and expenses, over rolling three-year periods. This objective implies a minimum time-weighted net return target for the Trust more than the RA's estimated cost inflation (estimated at 2.5%, based on forecast long run UK inflation of 2.5%) plus the spending rate (as defined above of 4% per annum). This equates to a minimum annual return of 6.5% p.a. Actual returns will need to be more than this minimum target to cover the costs of portfolio management and to provide a cushion over the longer-term.

The Charity's investment portfolio with Sarasin operates under a Discretionary Client Agreement signed in November 2016. The aim of the portfolio is to enhance the capital value over the longer term, whilst generating sufficient income to meet the Charity's requirements, for which a "real return" of 4% per annum has been targeted. The Charity's investments are held in the Sarasin Endowments Fund and the Sarasin Climate Active Endowments Fund; the objective of both these funds is to achieve long-term capital and income growth.

Since January 2020, the Charity has invested in the Evenlode Global Income Fund, which aims to produce attractive long-term total returns, with an emphasis on income. The fund aims to grow dividend income (notwithstanding any short-term impact of Covid-19) by a conservative 6% per annum, or about 3% real in the long-term. The fund further targets capital growth (excluding dividend income referred to above) of over 6% per annum or 3% real.

Endowments

The Charity has four permanent endowments. These are managed by the trustees on a total return basis. This means that the funds are invested to maximise the total return on investment without regard to whether that return is in the form of income from dividends or interest or capital appreciation. The trustees decide each year how much of that return is released to restricted income funds for spending and how much is retained for investment. The allocation is made on an equitable basis to balance the need to fund annual levels of distribution and the maintenance over time of the real value of the endowment. Until transferred, the unapplied total return remains invested as part of the permanent endowment.

The trustees have noted the value of the gift for each of the four permanent endowments received, since each fund was established. This provides the baseline value of the gift component of each endowment to which any subsequent gift of endowment is added. The difference between the total of the endowment fund and the value of the gift component represents the balance of unapplied total return. Having considered their obligations as outlined above, the trustees decided to make transfers from unapplied total return to restricted income funds for the year ended 31 August 2021 of £0.1m (2020: £0.1m) for the Ivor Rey scholarship fund to support the annual award to enable students of the Royal Academy Schools to visit Paris, France for the purpose of studying art, and £0.6m (2020: £0.9m) from the Paul Mellon endowment fund to support Royal Academy revenue projects, and £0.1m (2020: £0.1m) from the McAulay Scholarship Fund endowment to support students in the Royal Academy Schools. The trustees approved a further £0.3m (2020: £nil) to be distributed from the Paul Mellon restricted funds to support Royal Academy capital projects. With regard to the anonymous donor fund, investment returns will be retained in the unapplied total returns until 2022, at which point the trustees will decide on the level of distribution to support the ongoing revenue projects of the Royal Academy. In making these decisions the trustees have taken

account of the investment climate, the return on investment for the year, previous levels of allocations from the unapplied total returns and the income needs of the Charity.

Ethical Investment Policy
The Charity is committed to investing its funds in a socially responsible basis. In June 2021, the trustees approved the Charity's Ethical Investment Policy ("the Policy"). The Policy has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the Charity's values of strong ethical principles. The Policy applies to the full scope of the investments held by the Charity. The Charity believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance ("ESG") issues. The Investment Sub-Committee will monitor the operation and the effectiveness of the Policy and provide the trustees with an annual update.

The Charity has identified two sets of principles which accord with its values and aspirations in this area, one relating to the operations of its fund managers and the other to setting appropriate standards for all its investments. Firstly, The United Nations Principles for Responsible Investment: these six principles have been developed, inter alia, to "better align investors with the broader objectives of society". The Charity therefore expects that its fund managers will be signatories of the UNPRI and follow its principles in the way they operate. Secondly, The United Nations Global Compact: the Charity also supports the ten principles of the United Nations Global Compact, which stem from the acceptance that, as with the Charity itself, corporate sustainability starts with an entity's value system and a principled approach to the way it operates. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption.

In managing its investments, the Charity therefore expects its appointed investment managers to encourage good behaviour and discourage poor behaviour through the screening of investments (using the principles above or an equivalent framework) and through the direct engagement with the companies in which they invest. In doing so, they should promote sustainability, good business ethics, good employment practices and the transition to a low carbon economy.

The Charity is particularly concerned about the following ESG issues and will continue to adopt investment strategies that seek to minimise or, ideally, eliminate investments in companies with corporate behaviour leading to: environmental degradation and climate change; the manufacture of controversial weapons, including cluster munitions, landmines, biological and chemical weapons, nuclear and depleted uranium weapons; tobacco production, cultivation, and manufacture; and adult entertainment (pornography) production, distribution, retail, and ownership. Such investment strategies are not in line with the Charity's values and may damage the Charity's reputation and impact fundraising and so are not in the Charity's best interest.

During the financial year, the Charity made an initial investment of £2.0m in the Sarasin Climate Active Endowments Fund, with a further £3.0m invested in October 2021.

Future plans
The trustees continue to work closely with the President, Secretary and Chief Executive and the directors of the Royal Academy to assist with the on-going fundraising effort.

The long-term objective is growing the Charity reserves to help sustain the future of the Royal Academy.

The aims for the coming year ending 31 August 2022 are:

- To continue to make available revenue support for the Royal Academy's activities.

Related party transactions
Related party transactions are disclosed in note 20 to the financial statements.

Reserves policy
The Charity holds its free reserves as investment funds from which it can generate income and capital gains for the future support of the Royal Academy. The current statement of investment principles and the distribution policy recognise the objective of delivering financial support for the Royal Academy that will be sustainable for the foreseeable future. The trustees have not established a minimum or maximum level of free reserves as they wish to be able to balance the need to respond to immediate special needs of the Royal Academy and to ensure sustained support. As at 31 August 2021, the Charity held total funds of £52.3m (2020: £46.7m), of which £17.9m (2020: £16.6m) were unrestricted funds for which £11.8m (2020: £11.3m) is both unrestricted and not designated; £22.3m (2020: £19.6m) endowment funds; and £12.1m (2020: £10.5m) restricted funds.

FUNDRAISING

The Charity has a cost of raising funds in the financial statements in relation to investment fund manager fees and staff costs for administering legacies to generate funds on behalf of the Royal Academy. The Charity does not actively fundraise and any approach to fundraising would take account of the Code of Fundraising Practice issued by the Fundraising Regulator. The Royal Academy is registered with the Fundraising Regulator, submits annual complaints returns to the Regulator and provides statements on particular areas of fundraising (including complaints) in its annual report. These complaints returns and statements include activities which might technically fall under the remit of the Charity. The Regulator has approved this arrangement and confirmed that the Charity is not required to maintain a separate registration with the Regulator.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 charity will continue in business;
- Observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



Lady Myners, Chair

1 Decembe 2021

Date:

Royal Academy Trust
Independent Auditors' Report to the Trustees of
Royal Academy Trust

Opinion

We have audited the financial statements of the Royal Academy Trust ("the Charity") for the year ended 31 August 2021 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, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Ireland" (United Kingdom Generally Accepted Accounting Practice).

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 August 2021, and of its incoming resources and application of resources 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 Charities Act 2011.

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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. 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.

Other information (continued)

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 course of 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 themselves. 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.

Opinions on other matters prescribed by the Charities Act 2011

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 8, the trustees 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 trustees are responsible for assessing the Charity'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 trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Charity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Charity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Charity.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the Charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the Charity complies with these requirements by discussions with management and those charged with governance;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Charity and Charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Moore Kingston Smith LLP
Statutory Auditor

Date: 1 Dec 2021

Devonshire House
60 Goswell Road
London EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Royal Academy Trust
Statement of Financial Activities
For the year ended 31 August 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £ * see note 4 for comparatives
Income and endowments from:						
Donations and legacies	5	323,476	15,328	-	**338,804**	642,837
Investments	6	145,657	87,843	378,728	**612,228**	618,880
Total income		469,133	103,171	378,728	**951,032**	1,261,717
Expenditure on:						
Raising funds	8	(284,812)	-	(4,946)	**(289,758)**	(209,053)
Charitable activities						
Annual donation to the Royal Academy	7	(177,329)	(775,341)	-	**(952,670)**	(858,936)
Other donations to the Royal Academy	7	(1,677,797)	(339,031)	-	**(2,016,828)**	(1,524,526)
Total charitable activities		(1,855,126)	(1,114,372)	-	**(2,969,498)**	(2,383,462)
Total expenditure		(2,139,938)	(1,114,372)	(4,946)	**(3,259,256)**	(2,592,515)
Net gains on investments	11	3,038,963	1,879,774	3,040,487	**7,959,224**	1,442,892
Net income		1,368,158	868,573	3,414,269	**5,651,000**	112,094
Transfers between funds	15,16	-	657,339	(657,339)	**-**	-
Total funds brought forward		16,577,259	10,537,641	19,551,363	**46,666,263**	46,554,169
Total funds carried forward		**17,945,417**	**12,063,553**	**22,308,293**	**52,317,263**	46,666,263

All gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing operations.

The notes on pages 16 to 29 form part of these financial statements.

Royal Academy Trust
Balance Sheet as at 31 August 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	11	**52,752,574**	46,333,757
Current assets			
Debtors	12	**28,553**	185,884
Cash at bank and in hand		**84,690**	598,938
Total current assets		**113,243**	784,822
Liabilities			
Creditors - amounts falling due within one year	13	**(548,554)**	(452,316)
Net current (liabilities) / assets		**(435,311)**	332,506
Net assets		**52,317,263**	46,666,263
The funds of the charity:			
Endowment funds	15	**22,308,293**	19,551,363
Restricted funds	16	**12,063,553**	10,537,641
Unrestricted funds:			
Designated	17	**6,154,765**	5,262,694
Other		**11,790,652**	11,314,565
Total unrestricted funds		**17,945,417**	16,577,259
Total charity funds		**52,317,263**	46,666,263

Approved by the Trustees and authorised for issue on 1 Decabe 2021

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Lady Myners, Chair

Royal Academy Trust
Statement of Cash Flows
For the year ended 31 August 2021

	Note	2021 £	2020 £
Net cash used in from operating activities	14	**(2,461,735)**	(1,420,466)
Cash flow from investing activities			
Dividends and interest from investments	6	**612,228**	618,880
Fund manager fees	8	**(205,148)**	(73,108)
Payments to acquire fixed asset investments	11	**(5,581,760)**	(8,633,356)
Proceeds from investment disposals	11	**6,043,862**	10,297,391
Net movement in cash held in the investment portfolio	11	**1,078,305**	(2,062,102)
Net cash provided by investing activities		**1,947,487**	147,705
Net decrease in cash and cash equivalents		**(514,248)**	(1,272,761)
Cash and cash equivalents at the beginning of the year		**598,938**	1,871,699
Cash and cash equivalents at the end of the year		**84,690**	598,938

1 General information

Royal Academy Trust ("the Charity") is a registered charity established to serve public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The registered office is Burlington House, Piccadilly, London.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The Charity is a Public Benefit Entity as defined by FRS 102.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. Going concern

Notwithstanding the impact of the ongoing Covid-19 pandemic the trustees consider that there are no material uncertainties affecting the Charity's ability to continue as a going concern for at least twelve months from the date of approval of the accounts.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

2 Summary of significant accounting policies (continued)

d. Funds structure (continued)

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are used at the trustees' discretion in furtherance of the general objectives of the Charity, including the general fund which represents the Charity's reserves. The major funds held in each of these categories are disclosed in notes 15 to 17.

e. Income

All income is recognised once the Charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

Donations are accounted for when received.

f. Legacies

Legacies are accounted for as income where there is clear entitlement; the amount can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the Charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

g. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities ("SOFA").

h. Raising funds

The costs of raising funds are those costs attributable to generating income for the Charity. These represent the legacy manager's salary costs, investment management fees and governance costs. Governance costs are primarily concerned with constitutional and statutory requirements.

2 Summary of significant accounting policies (continued)

i. Charitable activities

Costs of charitable activities comprise the donations made to the Royal Academy. Generally, donations are accounted for when paid. However, where the Royal Academy has incurred expenditure on a major capital project on the basis of a commitment from the Charity to reimburse costs, any costs not covered by donations paid in the year are provided for.

j. Investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. The SOFA includes any realised or unrealised gain / loss during the year.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

k. Realised gains and losses

All gains and losses are taken to the SOFA as these arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value or later purchase price. Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value or later purchase price.

l. Foreign currencies

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

m. Financial instruments

Financial instruments are recognised in the Charity's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

2 Summary of significant accounting policies (continued)

m. Financial instruments (continued)

Other financial assets
Other financial assets, including investments in equity instruments, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial liabilities
Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Fair value on derivatives

Derivatives are re-measured at fair value at the year end. Fair value at year end is determined by an independent external third party.

4 Prior year comparatives by type of fund

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Income and endowments from:				
Donations	626,009	16,828	-	**642,837**
Investments	97,068	51,805	470,007	**618,880**
Total income	723,077	68,633	470,007	**1,261,717**
Expenditure on:				
Raising funds	(218,008)	-	8,955	**(209,053)**
Charitable activities				
Annual donation to the Royal Academy	(401,700)	(457,236)	-	**(858,936)**
Other donations to the Royal Academy	-	(1,524,526)	-	**(1,524,526)**
Total charitable activities	(401,700)	(1,981,762)	-	**(2,383,462)**
Total expenditure	(619,708)	(1,981,762)	8,955	**(2,592,515)**
Net gains on investments	475,471	277,519	689,902	**1,442,892**
Net income / (expenditure)	578,840	(1,635,610)	1,168,864	**112,094**
Transfers between funds	-	950,208	(950,208)	**-**
Total funds brought forward	15,998,419	11,223,043	19,332,707	**46,554,169**
Total funds carried forward	**16,577,259**	**10,537,641**	**19,551,363**	**46,666,263**

5 Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	**Total 2021 £**	Total 2020 £
General*	287,798	-	-	**287,798**	500,081
Revenue projects:					
Schools	35,678	-	-	**35,678**	125,928
Library and collections	-	15,328	-	**15,328**	16,828
Total revenue projects	35,678	15,328	-	**51,006**	142,756
Total	**323,476**	**15,328**	**-**	**338,804**	642,837

* General income from donations and legacies includes £nil (2020: £357,456) received from The Friends of the Royal Academy.

6 Income from investments

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	**Total 2021 £**	Total 2020 £
Listed investments	145,657	87,843	378,528	**612,028**	612,972
Bank interest	-	-	200	**200**	5,908
Total	**145,657**	**87,843**	**378,728**	**612,228**	618,880

7 Analysis of expenditure on charitable activities

In the current year, the Charity made donations of £2,969,498 (2020: £2,383,462) to the Royal Academy, representing £2,000,000 (2020: £1,505,000) to the Burlington Project - Phase I; £16,828 (2020: £19,526) for the cataloguing project; £92,500 (2020: £92,500) for the Heinz Architecture Programme; £232,257 (2020: £198,007) for the Schools; £6,410 (2020: £6,410) for the Library; and £5,000 (2020: £5,000) for the Casson Drawing Prize in the Summer Exhibition, with the balance donated in support of the general activities of the Royal Academy.

7 Analysis of expenditure on charitable activities (continued)

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	**Total 2021 £**	Total 2020 £
Annual donation to the Royal Academy	177,329	775,341	-	**952,670**	858,936
Royal Academy revenue projects:					
Cataloguing project	-	16,828	-	**16,828**	19,526
Total revenue projects	**-**	**16,828**	**-**	**16,828**	19,526
Royal Academy capital projects:					
Burlington Project - Phase I	1,677,797	322,203	-	**2,000,000**	1,505,000
Total capital projects	**1,677,797**	**322,203**	**-**	**2,000,000**	1,505,000
Total	**1,855,126**	**1,114,372**	**-**	**2,969,498**	2,383,462

8 Analysis of expenditure on raising funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	**Total 2021 £**	Total 2020 £
Fund manager fees / (rebate)	200,202	-	4,946	**205,148**	73,108
Staff costs	64,479	-	-	**64,479**	59,230
Auditors' remuneration	16,557	-	-	**16,557**	16,857
Bank charges	85	-	-	**85**	241
Exchange rate losses	242	-	-	**242**	59,617
Miscellaneous	3,248	-	-	**3,248**	-
Total	**284,812**	**-**	**4,946**	**289,758**	209,053

9 Trustees' remuneration, benefits and expenses

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee, or person related or connected by business to them, has received any remuneration from the Charity during the current or prior year. No expenses were reimbursed to trustees for travel to attend committee meetings of the Charity during the current or prior year.

10 Analysis of staff costs

The trustees have concluded that the Executive Committee comprise the key management personnel of the Charity. No remuneration was paid to key management personnel (2020: £nil).

10 Analysis of staff costs (continued)

	2021	2020
	£	£
Salaries and wages	**53,600**	49,864
Social security costs	**5,679**	5,170
Employers pension contribution	**5,200**	4,196
Total	**64,479**	59,230

Salary costs represent the cost of staff employed by the Royal Academy and recharged to the Charity. The average number of permanent staff engaged by the Charity in 2021 was 1 (2020: 1).

11 Investments

Movement in market value of investments	2021	2020
	£	£
Market value brought forward	**44,197,529**	44,418,672
Additions to investments at cost	**5,581,760**	8,633,356
Proceeds on disposal	**(6,043,862)**	(10,297,391)
Net gain on investments	**7,959,224**	1,442,892
Market value of investments at 31 August	**51,694,651**	44,197,529

Market value of investments by type		2021	2020
		£	£
Bonds		**7,364,095**	7,770,356
Property		**2,718,307**	2,387,980
Global equities		**27,723,498**	23,494,511
UK equities		**7,681,375**	5,188,701
Hedged equities		**547,972**	424,642
Absolute return		**3,746,749**	3,541,877
Alternative investments		**1,244,507**	1,005,186
Liquid assets		**594,264**	327,021
Commodities		**73,884**	57,255
Total market value of investments	[Historic cost of investments £34,858,048 (2020: £34,721,262)]	**51,694,651**	44,197,529
Cash holdings		**1,057,923**	2,136,228
Total		**52,752,574**	46,333,757

Investments under management were:		
Partners Capital LLP	**33,698,234**	31,749,433
Sarasin & Partners LLP	**13,773,641**	10,294,053
Evenlode Investment Management Limited	**5,280,699**	4,290,271
Total	**52,752,574**	46,333,757

All investments are carried at their fair value.

11 Investments (continued)

Significant investment holdings as a % of total investment portfolio based on market value at 31 August were:	**2021**	2020
Sarasin Endowments Fund	**22.23%**	22.22%
Partners Capital The Master Portfolio (C) Ltd	**11.67%**	10.30%
Evenlode Global Income Fund	**10.01%**	9.26%
Partners Capital Falcon Fund (C) Ltd	**7.29%**	7.70%
Partners Capital Greyhawk Fund, LP	**6.81%**	6.15%
Partners Capital Phoenix Fund II Ltd	**5.06%**	5.65%
Partners Capital Harrier Fund (C) Ltd	**4.08%**	4.98%
Charities Property Fund (Cordea Savills)	**3.94%**	4.37%
Sarasin Climate Active Endowments Fund	**3.88%**	0.00%
Vanguard UK Inflation Linked Gilt Index Fund	**1.48%**	2.86%

12 Debtors	**2021**	2020
	£	£
Amounts due from R.A. Enterprises Limited	**28,553**	125,928
Accrued income	**-**	59,956
Total	**28,553**	185,884

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors - amounts falling due within one year	**2021**	2020
	£	£
Amounts due to the Royal Academy	**435,941**	391,916
Accruals	**112,613**	60,400
Total	**548,554**	452,316

14 Notes to the statement of cash flows	**2021**	2020
	£	£
Net income	**5,651,000**	112,094
Adjustments for:		
- Gains on investments	**(7,959,224)**	(1,442,892)
- Dividends and interest from investments	**(612,228)**	(618,880)
- Fund manager fees	**205,148**	73,108
- Decrease in debtors	**157,331**	88,672
- Increase in creditors	**96,238**	367,432
Cash flow used in operating activities	**(2,461,735)**	(1,420,466)

15 Analysis of endowment funds

		Balance at 2020 £	Investment returns less fund manager fees £	Unapplied total return allocated to income £	Balance at 2021 £
The Ivor Rey scholarship fund:	a				
- Trust for investment		404,400	-	-	**404,400**
- Unapplied total return		203,156	123,501	(14,532)	**312,125**
Paul Mellon endowment fund:	b				
- Trust for investment		3,039,283	-	-	**3,039,283**
- Unapplied total return		-	617,807	(617,807)	**-**
Anonymous donor fund:	c				
- Trust for investment		12,229,042	-	-	**12,229,042**
- Unapplied total return		2,380,423	2,422,979	-	**4,803,402**
McAulay Scholarship Fund:	d				
- Trust for investment		1,265,918	-	-	**1,265,918**
- Unapplied total return		29,141	249,982	(25,000)	**254,123**
Total		**19,551,363**	**3,414,269**	**(657,339)**	**22,308,293**

a. The Ivor Rey scholarship fund

In March 2013, £361,303 was received from the estate of Ivor Rey to establish the Ivor Rey scholarship fund which is held as a permanent endowment and is being accounted for on a total return basis. A further £43,097 was received in December 2016. The purpose of the fund is to provide an annual award from investment returns to enable students of the Royal Academy of Arts Schools ("Royal Academy Schools") to visit Paris, France for the purpose of studying art.

b. Paul Mellon endowment fund

The Paul Mellon endowment fund was established in 2000 by a $5,000,000 / £3,039,283 legacy from Paul Mellon. It is held as a permanent endowment and is being accounted for on a total return basis. The terms of the bequest restrict the investment returns arising from it to the general purpose of the Royal Academy.

c. Anonymous donor fund

A donor, whose identity is known to the Charity, but who wished to remain publicly anonymous pledged $23,000,000 in October 2015, to be paid in eight equal annual instalments from December 2015, but with the donor having the right to accelerate any one or more of such instalments. $15,333,333 (£10,000,000 based on the exchange rate at date of pledge) is to be held as a permanent endowment and is being accounted for on a total return basis, with investment returns generated being available to the Royal Academy for unrestricted revenue projects from 2022, with the remaining $7,666,667 (£5,000,000 based on the exchange rate at date of pledge) being available to the Royal Academy for a restricted capital project, Burlington Project - Phase III.

Two instalments were received ($5,750,000 / £3,966,198) in the period to 31 August 2017. Payment of the remaining instalments was accelerated, with the balance received during the year ended 31 August 2018. £12,229,042 ($15,000,000) is included in the endowment funds above (including a £2,229,042 realised foreign exchange gain), with £5,000,000 included in restricted funds - Burlington Project III (see note 16).

d. McAulay Scholarship Fund

A donation of $1,323,364 / £1,066,455 was received from the McAulay family in August 2020 to support two full scholarships for students at the Royal Academy Schools in perpetuity. The donor's expressed intention was for these funds to "top up" the existing fund established in 1998 to provide fees and maintenance for a student at the Royal Academy Schools. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the scholarships.

16 Analysis of restricted funds

		Balance at 2020 £	Income and fund growth in year £	Utilised in year £	Unapplied total return from endowments £	Balance at 2021 £
Heinz Architecture fund	16.a	3,758,764	745,256	(92,500)	-	**4,411,520**
Salaman-Seelig art fund	16.b	80,349	14,910	(7,000)	-	**88,259**
The Ivor Rey scholarship fund	15.a	22,481	1,616	(14,532)	14,532	**24,097**
Paul Mellon endowment fund	15.b	923,676	-	(923,676)	617,807	**617,807**
McAulay Scholarship fund	15.d	-	-	(25,000)	25,000	**-**
Cataloguing project	16.c	16,828	15,328	(16,828)	-	**15,328**
Greenham fund	16.d	185,637	36,603	(5,570)	-	**216,670**
The Starr Fellowship	16.e	1,112,655	220,343	(28,686)	-	**1,304,312**
Weiss fund	16.f	19,177	3,780	(580)	-	**22,377**
Burlington Project - Phase III	16.g	4,418,074	945,109	-	-	**5,363,183**
Total		**10,537,641**	**1,982,945**	**(1,114,372)**	**657,339**	**12,063,553**

a. Heinz Architecture fund

The Heinz Architecture fund comprises a major donation received in 1993 to support the development of the architecture programme of the Royal Academy. The trustees make a donation each year to support the costs of the programme.

b. Salaman-Seelig art fund

The Salaman-Seelig art fund was established in 2016 by a £71,550 legacy from Auriol Seelig. The purpose of the fund is to make an annual award to a 2nd year student of the Royal Academy Schools. It is anticipated that the award will be made for 12 consecutive years.

c. Cataloguing project

The cataloguing project was established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

d. Greenham fund

The Greenham fund was established in 1992 through donations from trusts, private individuals and an auction of donated works. The purpose of the fund is to provide a three year bursary for a student of the Royal Academy Schools, selected by the Keeper of the Royal Academy Schools.

e. The Starr Fellowship

The Starr Fellowship was established in 1987, with subsequent donations in 1998, 1999, 2000, 2001 and 2004. The fund is used to support an annual fellowship for American nationals with a contemporary art practice with a bursary of £26,000 and to support the Royal Academy Schools general running costs that allow the fellowship to be offered.

16 Analysis of restricted funds (continued)

f. Weiss fund

The Weiss fund was established in 2005 by a donation of £10,000 from Edna Weiss. The purpose of the fund is make an annual award of £560 to a student of the Royal Academy Schools working in a figurative style.

g. Burlington Project - Phase III

As disclosed in note 15.c, a donor, whose identity is known to the Charity but who wished to remain publicly anonymous, donated £5,000,000 in 2018 to the Burlington Project - Phase III. In both 2018 and 2019 £500,000 was donated to the Royal Academy in respect of costs incurred to date by the Royal Academy on this project, with the remaining £4,000,000 being held by the Charity until required by the Royal Academy.

17 Analysis of designated funds

The trustees have designated the funds detailed below out of unrestricted funds:

		Balance at 2020 £	Utilised in year £	Income and fund growth in year £	Balance at 2021 £
General	a	1,594,410	(52,080)	313,515	**1,855,845**
Sir Roger de Grey Memorial Fund	b	132,662	(3,529)	26,250	**155,383**
Casson Award	d	318,504	(5,000)	63,727	**377,231**
Eranda Professor	e	147,457	(4,430)	29,074	**172,101**
Cheneviére Travel Award	f	163,895	(4,920)	32,315	**191,290**
Schools Portfolio Fund	g	147,772	(4,440)	29,136	**172,468**
Patricia Turner Award	h	338,190	(10,150)	66,682	**394,722**
The Pauline Sitwell Bursary Fund	i	401,326	(12,040)	79,131	**468,417**
Maintenance Fund	j	2,018,478	(80,740)	429,570	**2,367,308**
Total		**5,262,694**	**(177,329)**	**1,069,400**	**6,154,765**

a. General

In 1998, the Charity received £1,359,212 from the Royal Academy in respect of several small trusts. These trusts represent funds donated in support of scholarships and prizes in the Royal Academy Schools; maintenance of the Royal Academy Collections; and the general purposes of the Royal Academy. The Charity Commission gave permission for these funds to be transferred to the Charity on the basis of the improvements to investment performance and administration likely to ensue. These funds have been treated as designated funds that have been set aside out of the unrestricted funds by the trustees for specific purposes.

b. Sir Roger de Grey Memorial Fund

The fund was launched in 1996 to establish a source of funds to provide student maintenance grants for students at two independent institutions with which Sir Roger was associated: the Royal Academy Schools and the City & Guilds of London Art School. Sir Roger was President of the Royal Academy from 1984 to 1993 and Principal of the City & Guilds from 1973 until his death in 1995. Funds totalling £80,000 were invested on the understanding that annual maintenance grants would be made to each fine art school (split evenly between them).

d. Casson Award

The fund was created in 2001 to establish a prize for drawing to be awarded during the Summer Exhibition with initial funds totalling £107,000. The fund was increased in 2013 and 2015 through bequests of £88,482 and £20,152 respectively received from the estate of Mrs Anne Marjorie Crosthwait.

17 Analysis of designated funds (continued)

e. Eranda Professor

The fund was created in 2001 to establish a professorship in the Royal Academy Schools. An initial donation of £120,000 from the Eranda Foundation was earmarked for investment by the Charity on the understanding that this would fund a professor in the Royal Academy Schools. Further funds of £20,000 were donated in 2012 by the Trustees of the Eranda Foundation.

f. Cheneviére Travel Award

The fund was launched in 2001 to establish a source of funds to provide a travel bursary for a student in the Royal Academy Schools. Funds totalling £144,000, raised by the Cheneviére family, were earmarked by the trustees and invested on the understanding that a travel award would be made each year to a student in the Royal Academy Schools.

g. Schools Portfolio Fund

The fund was created in 2001 to establish a source of funds providing maintenance for students at the Royal Academy Schools.

h. Patricia Turner Award

In November 2001 the Charity earmarked £200,000 of donations to establish a fund to provide a grant to a graduating student in 3D media.

i. The Pauline Sitwell Bursary Fund

In May 2012, £250,000 from Pauline Sitwell's bequest to the Royal Academy, as a whole group, was paid directly to the Charity to establish the Pauline Sitwell Bursary Fund. The purpose of the fund is to provide an annual bursary award to assist students of the Royal Academy Schools with living costs. The annual award was set at £7,500 per annum, but is subject to annual review by trustees of the Charity.

j. Maintenance Fund

The fund was created in 2004 to provide maintenance for students at the Royal Academy. In addition to investment income received, a total of £35,678 has been added to this fund during 2021 (2020: £125,928), arising from fundraising activities.

An annual donation is made from each designated fund to the Royal Academy in line with the wishes of each fund. This will continue until each fund has been fully drawndown.

Analysis of net assets between designated funds	**Investments**	**Net current assets**	**Total net assets**
	£	**£**	**£**
General	1,855,845	-	**1,855,845**
Sir Roger de Grey Memorial Fund	155,383	-	**155,383**
Casson Award	377,231	-	**377,231**
Eranda Professor	172,101	-	**172,101**
Cheneviére Travel Award	191,290	-	**191,290**
Schools Portfolio Fund	172,468	-	**172,468**
Patricia Turner Award	394,722	-	**394,722**
The Pauline Sitwell Bursary Fund	468,417	-	**468,417**
Maintenance Fund	2,331,630	35,678	**2,367,308**
Total	**6,119,087**	**35,678**	**6,154,765**

18 Analysis of net assets between funds

	Investments £	Net current assets / (liabilities) £	Total net assets £
Endowment funds	22,241,475	66,818	**22,308,293**
Restricted funds	12,048,226	15,327	**12,063,553**
Unrestricted funds:			
Designated	6,119,087	35,678	**6,154,765**
Other	12,343,786	(553,134)	**11,790,652**
Total	**52,752,574**	**(435,311)**	**52,317,263**

19 Financial instruments

The financial statements include the following in respect of items held at fair value at 31 August:

	2021 £	2020 £
Financial assets measured at amortised cost	**28,553**	185,884
Financial liabilities measured at amortised cost	**548,554**	452,316
Financial assets measured at fair value through the SOFA	**52,752,574**	46,333,757

20 Related party transactions

The Royal Academy made a donation of £15,328 to the Charity related to unspent funds from the cataloguing project (2020: £16,828). The Charity donated £2,969,498 (2020: £2,383,462) to the Royal Academy; £2,000,000 (2020: £1,505,000) towards the Burlington Project - Phase I; and £969,498 (2020: £878,462) to support various campaigns and capital projects. At the year end £435,941 was outstanding and included within creditors (2020: £391,916).

R.A. Enterprises Limited made a donation of £28,533 (2020: £125,978) to the Charity for future funding of the Royal Academy Schools. At the year end £28,533 (2020: £125,978) was outstanding and included within debtors.

The Friends of the Royal Academy made an unrestricted donation of £nil (2020: £357,456) to the Charity to provide future funding for the Royal Academy.

Royal Academy Trust

England & Wales - Charity number 1067270

Accounts

ROYAL ACADEMY TRUST

Registered Charity No. 1067270

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2020

Royal Academy Trust
Reference and Administrative Details

Honorary President
HRH The Prince of Wales

Trustees in the financial year and at the date of signing:
Lady Myners (Chair)
Robert Suss (Deputy Chair)
President of The Royal Academy of Arts (Ex officio) - Christopher Le Brun PRA (retired 10 December 2019)
President of The Royal Academy of Arts (Ex officio) - Rebecca Salter PRA (appointed 10 December 2019)
Treasurer of The Royal Academy of Arts (Ex officio) - Chris Wilkinson OBE RA (retired 31 October 2020)
Treasurer of The Royal Academy of Arts (Ex officio) - Peter St. John (appointed 1 November 2020)
Secretary & Chief Executive of The Royal Academy of Arts (Ex officio) - Axel Rüger
Petr Aven
Aryeh Bourkoff
Sir Richard Carew Pole Bt OBE DL (retired 4 December 2019)
Varun Chandra (appointed 23 September 2020)
Richard Chang
Adrian Cheng
Melanie Clore
Lady Deighton
Sir Lloyd Dorfman CBE
Pesh Framjee (appointed 26 August 2020)
Stephen Fry
Stephen Gosztony (appointed 26 August 2020)
Lady Heywood
Clive Humby
Philip Marsden (retired 3 December 2020)
Dame Carolyn Julia McCall DBE
Scott Mead
Batia Ofer
Duru Olowu
Christina Ong (retired 23 September 2020)
Lord Ricketts GCMG GCVO (retired 4 December 2019)
Dame Jillian Sackler DBE (retired 18 June 2020)
Ina Sandmann (appointed 7 September 2020)
Sian Westerman
Peter Williams (retired 3 December 2020)
Iwan Wirth (retired 6 October 2020)
Andrea Wong
The Hon William Yerburgh (appointed 23 June 2020)

Emeritus and Honorary Trustees
Lord Aldington
Susan Burns
Sir James Butler CBE DL
Sir David Cannadine FBA
Sir Richard Carew Pole Bt OBE DL (appointed 4 December 2019)
Sir Trevor Chinn CVO
John Coombe
Ambassador Edward E Elson
John Entwistle OBE
Michael Gee
The Rt. Hon. The Earl of Gowrie
HRH Princess Marie-Chantal of Greece
C. Hugh Hildesley
Anya Hindmarch CBE
Susan Ho
Lady Judge CBE (passed away 31 August 2020)
Lady Lever
Sir Sydney Lipworth
The Rt. Hon. The Lord Luce, GCVO DL

Emeritus and Honorary Trustees (continued)
Philip Marsden (appointed 3 December 2020)
Sir Keith Mills GBE DL
Ludovic de Montille
Lord Davies of Abersoch
Minori Mori
John Raisman CBE
John A. Roberts FRIBA
Sir Simon Robertson
Lord Rose of Monewden
Sir Evelyn de Rothschild
Maryam Sachs
Richard Sharp
David Stileman
Peter Williams (appointed 3 December 2020)

Executive Committee
Lady Myners (Chair)
Robert Suss (Deputy Chair)
Chris Wilkinson OBE RA (retired 31 October 2020)
Peter St. John (appointed 1 November 2020)
Axel Rüger
Rebecca Salter PRA (appointed 10 December 2019)
Pesh Framjee (appointed 26 August 2020)
Stephen Gosztony (appointed 26 August 2020)
Lady Heywood
Philip Marsden (retired 3 December 2020)
Peter Williams (retired 3 December 2020)

Investment Sub-committee membership in the financial year and at the date of signing:
Peter Williams (Chair) (retired 18 November 2020)
Adam Bennett
Stephen Gosztony (Chair) (appointed to Committee 1 September 2020; appointed as Chair 18 November 2020)
Richard Milliken (retired 18 November 2020)
Stephen Nelson (appointed 14 May 2020)
Robert Suss
Nigel Thomas
Andrew Threadgold
William de Winton (retired 27 November 2019)

Registered Office
Burlington House
Piccadilly
London W1J 0BD

Advisers:

Auditors
Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers
Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2V 7HN

Solicitors
Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Withers LLP
16 Old Bailey
London EC4M 7EG

Investment Managers
Partners Capital LLP
5th Floor
5 Young Street
London W8 5EH

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Evenlode Investment Management Limited
The Long Barn
Chalford Park Barns
Oxford Road
Chipping Norton
Oxfordshire OX7 5QR

Royal Academy Trust
Trustees' Report

The trustees present their report and financial statements for the year ended 31 August 2020.

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

Royal Academy Trust ("the Charity" or "the Trust") was established under a Trust Deed dated 11 February 1981, to serve the public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The Deed of Declaration of the Trust was amended in June 2009. The Trust Deed was updated in October 2017, reflecting the change in name from the Royal Academy Trust to the Royal Academy Development Trust in 2016 and the previously agreed increase in the maximum number of trustees to 35. The Trust Deed was further updated in June 2019, to change the name of the Trust from Royal Academy Development Trust to Royal Academy Trust and to amend term limits for appointed trustees (see below under "Governance and management"). The Trust became separately registered as a charity on 8 January 1998.

Governance and management

The Charity is governed by a board of trustees, who are men and women of distinction from business and the wider community.

The maximum number of trustees is 35 at any one point in time, as agreed by the board in July 2016. There are currently 26 trustees. The trustees consist of the President, Treasurer and the Secretary and Chief Executive of the Royal Academy, for so long as they hold office, and other trustees who shall serve a three year initial term, after which they are eligible for a three year renewal term, and in exceptional circumstances further terms each of no more than three years.

The trustees and officers who served during the year ended 31 August 2020 and at the date of signing are shown on pages 1 and 2 of the annual report and financial statements.

The management of the funds and distributions to the Royal Academy up to £1.0m per annum has been delegated to the Charity's Executive Committee, chaired by the Chairman of the Trust. Other distributions to the Royal Academy in excess of this must be approved by the full Trustee Board, but management of such distributions may be delegated to the Charity's Executive Committee on a case by case basis.

The trustees are responsible for approving adequate arrangements for induction and training for new trustees and to this end a programme has been arranged to include formal inductions by the Chair and by the Royal Academy General Counsel, together with an informative welcome pack and an introductory tour. Key documents and information are re-circulated to current trustees on an annual basis.

The trustees have a risk management process. Risks are recorded in a Risk Register and mitigating actions implemented and monitored. The major risk for the Charity is exposure to a volatile financial market. This is mitigated by the frequent monitoring and broad spread of the funds to managed investments. This risk, along with any other is considered by the trustees and is part of the Risk Register reviewed by the Charity's Investment Sub-committee and Executive Committee on an annual basis.

The main investment portfolio is managed by the trustees, through the Investment Sub-committee, based on advice from Partners Capital LLP ("Partners Capital"). Further investment funds are held with Sarasin & Partners LLP ("Sarasin") and Evenlode Investment Management Limited ("Evenlode"). Funds previously held with Troy Asset Management Limited ("Troy") were divested in early 2020. These managers are similarly overseen by the Investment Sub-committee.

The Investment Sub-committee advises the board of trustees on investment policy and risk. The Investment Sub-committee comprises trustees with investment experience and non-trustees chosen for their experience of investment management.

Charity Governance Code

The Charity and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

During the financial year the Charity:

- Enhanced the induction information provided to new trustees, by developing a "questions and answers" document, authored by the Charity's Chair. The document provides information on: the Royal Academy's history; its wider governance structure (as well as the Charity's, more specifically); roles and responsibilities across the Royal Academy and how these interact with the role of the Charity and its trustees; and key challenges facing the Charity;
- Arranged induction meetings for new trustees with the Secretary & Chief Executive and key members of the Senior Leadership Team of the Royal Academy, to better understand their work and the role of the Charity in the wider Royal Academy context;
- Continued to review appointments and develop the constitution of the trustee Board, to comply with term limits and good governance practice.

The Charity continued to work to specific policies and procedures, which apply across the Royal Academy.

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The object of the Charity is the maintenance, development, advancement and preservation of the Royal Academy, a legally separate charity based in London, through which the arts of design are promoted by its charitable objects, which are stated as:

- The promotion of the arts of design
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes and debate by all charitable means as the members of Council may think fit.

Current year objectives

- To provide revenue support for the activities of the Royal Academy through an annual donation funded by the Charity's investment funds and to support the objectives of the Royal Academy.
- To provide support to the Royal Academy's Coronavirus Emergency Support Fund fundraising initiatives to mitigate the financial impact of the Covid-19 pandemic to the Royal Academy.
- To support the Royal Academy's other fundraising targets, with particular emphasis on ensuring the progression of the capital campaign – the future phases of the Burlington Project. The current campaign, "The Future Academy", is seeking to raise funds for the Royal Academy Schools capital project, as well as increase the Charity's endowment funds held to support the Royal Academy.
- To manage the growth of the Trust and minimise the risk of loss.

In setting these objectives, the trustees confirm that they comply with their duty in section 17 of the Charities Act 2011 to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

FINANCIAL REVIEW, ACHIEVEMENTS AND PERFORMANCE

Financial review

Income for the year ended 31 August 2020 totalled £1.2m (2019: £3.0m). There were donations of £0.6m in support of Royal Academy cultural activities (2019: £2.4m). There was also £0.6m of investment income (2019: £0.6m). Net gains on investments were £1.4m (2019: £2.4m) and there were no gains or losses on foreign exchange derivatives during the year (2019: losses of £0.1m).

Donations to the Royal Academy of £2.4m (2019: £1.9m) were made up of £0.9m (2019: £0.8m) in support of revenue projects and £1.5m (2019: £1.1m) in support of capital projects. The former comprises £0.8m (2019: £0.3m) as an annual donation and £0.1m (2019: £0.5m) for specific projects. £0.3m (2019: £0.3m) of the annual donation relates to designated/restricted funds, whilst £0.5m (2019: £nil) relates to a just under 4% distribution from unrestricted and general-purpose endowment funds broadly in line with the target annual distribution rate of 4% set by the trustees for year ended 31 August 2020 and future financial years.

During the year ended 31 August 2018, the remaining $17.2m (£13.2m) of a $23.0m pledge from a donor, who wished to remain publicly anonymous, was received; $5.8m (£4.0m) having been received in the year ended 31 August 2016. Of the £17.2m ($23.0m) received, £12.2m is being held as a permanent endowment; with £5.0m as a restricted fund to be made available to the Royal Academy when required for Phase III of the Burlington Project.

Of the original donation, £9.8m of the £12.2m received in respect of the permanent endowment was invested with Sarasin and £2.0m with Troy as at 31 August 2019, with a further £0.4m invested with Sarasin in September 2019. During the year ended 31 August 2020, the Investment Sub-committee decided to divest from Troy placing the balance of the investment of £2.3m (including £0.3m investment gains) with Evenlode, with a further £2.0m being divested from Sarasin and placed with Evenlode. The value of the Sarasin and Evenlode funds including £2.4m income to date (2019: £1.0m) was £14.6m as at 31 August 2020 (2019: £13.2m).

The value of the Partners Capital investment portfolio increased by £0.5m net (2019: £5.9m) to £31.8m (2019: £31.3m), which included a drawdown of £1.5m for the Burlington Project – Phase I and £1.0m invested pertaining to the McAulay Scholarship endowment fund. Total investment funds across the three investment managers, including cash at bank held with Lloyds Bank Plc, increased to £46.9m (2019: £46.4m) after income, distributions and other expenditure.

Included in this amount are funds donated by the Royal Academy to be held in investments by the Charity. These funds are held by the Charity until they are required for specific projects of the Royal Academy and are invested by the Charity to provide future funding for the charitable objects of the Royal Academy. These are treated as assets of the Charity and are held for the maintenance, development, advancement and preservation of the Royal Academy.

In November 2020, the trustees approved a further £2.0m donation to the Royal Academy from unrestricted funds towards Burlington Project – Phase I cost overruns, with the donation expected to be made by March 2021. The

Charity had previously agreed to fund up to £5.0m of cost overruns, for which £3.0m had been donated previously. It was originally anticipated that the final £2.0m donation would not be required until the year ended 31 August 2023, but as a result of the significant financial challenges facing the Royal Academy as a result of the Covid-19 pandemic, an earlier donation has been approved. Furthermore, in November 2020, the trustees pledged a further £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19.

Investments
Since November 2008, management of the Charity's investment portfolios has operated under agreements with Partners Capital. Since June 2014, this has operated under a Discretionary Management Agreement.

From November 2016 two further investment managers, Sarasin and Troy, were engaged to initially manage the anonymous donor funds. Due to the size and nature of the endowment, the Investment Sub-committee took the opportunity to further diversify the Charity's overall investment portfolio and its counter-party risk. In January 2020, following a review of the overall strategic asset allocation of the portfolio, the Investment Sub-committee decided to divest from Troy's Trojan Fund, a diversified multi-asset fund, and Trojan Income Fund, a UK equity fund, in order to reinvest with an active global equity manager, Evenlode, who were appointed following a due tender process, and further rebalanced the overall asset allocation by trimming the level of investment with Sarasin and reinvesting these funds with Evenlode.

The overall investment strategy is seeking to provide a reasonable level of return, while ensuring that the "real" value of the capital is maintained, such that the trustees will be able to continue similar distributions in the future. Distributions for restricted and unrestricted designated funds are in accordance with specific restrictions and distribution rates, at various rates up to 4%. The trustees have set an annual target distribution rate of 4% for unrestricted and general-purpose permanent endowment funds. In order to achieve this, a long-term investment objective of inflation plus 4% has been identified as appropriate. Whilst it is the intention to create an investment solution that meets this long-term objective, it is recognized that there will be periods when lower returns will be expected.

The primary purpose of the Partners Capital investment portfolio is to support the long-term operating and capital needs of the Royal Academy. To this end, the overall portfolio is managed to maximise the long-term total return of the portfolio, subject to maintaining a reasonable level of risk of loss. The main investment portfolio supports the operating and capital needs of the Royal Academy through an annual spending rate, which is reviewed periodically to ensure the spending rate is sustainable over the long-term.

The Trust's objective from the Partners Capital investment portfolio is to preserve and, if possible, to enhance the purchasing power of its assets, after annual spending and all costs and expenses, over rolling three-year periods. This objective implies a minimum time-weighted net return target for the Trust in excess of the RA's estimated cost inflation (estimated at 2.5%, based on forecast long run UK inflation of 2.5%) plus the spending rate (as defined above of 4% per annum). This equates to a minimum annual return of 6.5% p.a. Actual returns will need to be in excess of this minimum target in order to cover the costs of portfolio management and to provide a cushion over the longer-term.

The Charity's investment portfolio with Sarasin operates under a Discretionary Client Agreement signed in November 2016. The aim of the portfolio is to enhance the capital value over the longer term, whilst generating sufficient income to meet the Charity's requirements, for which a "real return" of 4% per annum has been targeted. The Charity's investments are held in the Sarasin Endowments Fund; the objective of this fund is to achieve long-term capital and income growth.

The Charity invested in two Troy funds - the Trojan Fund and the Trojan Income Fund. The Trojan Fund targets capital preservation and positive "real returns", with a multi-asset allocation; the Trojan Income Fund targets consistent risk adjusted returns, with the fund primarily holding UK equities with selected global equities. The Charity divested from the Trojan Fund in January 2020 and from the Trojan Income Fund in February 2020.

From January 2020, the Charity invested in the Evenlode Global Income Fund, which aims to produce attractive long-term total returns, with an emphasis on income. The fund aims to grow dividend income (notwithstanding any short-term impact of Covid-19) by a conservative 6% per annum, or about 3% real in the long-term. The fund further targets capital growth (excluding dividend income referred to above) of over 6% per annum or 3% real.

Endowments
The Charity has four permanent endowments. These are managed by the trustees on a total return basis. This means that the funds are invested to maximise the total return on investment without regard to whether that return is in the form of income from dividends or interest or capital appreciation. The trustees decide each year how much of that return is released to restricted income funds for spending and how much is retained for investment. The allocation is made on an equitable basis to balance the need to fund annual levels of distribution and the maintenance over time of the real value of the endowment. Until transferred, the unapplied total return remains invested as part of the permanent endowment.

The trustees have noted the value of the gift for each of the four permanent endowments received, since each fund was established. This provides the baseline value of the gift component of each endowment to which any subsequent gift of endowment is added. The difference between the total of the endowment fund and the value of the gift component represents the balance of unapplied total return. Having considered their obligations as outlined above, the trustees decided to make transfers from unapplied total return to restricted income funds for the year ended 31 August 2020 of £0.1m (2019: £0.1m) for the Ivor Rey scholarship fund to support the annual award to enable students of the Royal Academy Schools to visit Paris, France for the purpose of studying art, and £0.9m (2019: £0.3m) from the Paul Mellon endowment fund to support Royal Academy revenue projects, and £0.1m (2019: £nil) from the McAulay Scholarship Fund endowment to support students in the Royal Academy Schools. With regard to the anonymous donor fund, investment returns will be retained in the unapplied total returns until 2022, at which point the trustees will decide on the level of distribution to support the ongoing revenue projects of the Royal Academy. In making these decisions the trustees have taken account of the investment climate, the return on investment for the year, previous levels of allocations from the unapplied total returns and the income needs of the Charity.

Future plans
The trustees continue to work closely with the President, Secretary and Chief Executive and the directors of the Royal Academy to assist with the on-going fundraising effort.

The long-term objective is growing the Charity reserves to help sustain the future of the Royal Academy.

The aims for the coming year ending 31 August 2021 are:

- To provide support to the Royal Academy to the challenges posed by the Covid-19 pandemic and in particular, the economic impact, including reduced support for charities in the arts sector
- To continue to make available revenue support for the Royal Academy's activities.

Related party transactions
Related party transactions are disclosed in note 21 to the financial statements.

Reserves policy
The Charity holds its free reserves as investment funds from which it can generate income and capital gains for the future support of the Royal Academy. The current statement of investment principles and the distribution policy recognise the objective of delivering financial support for the Royal Academy that will be sustainable for the foreseeable future. The trustees have not established a minimum or maximum level of free reserves as they wish to be able to balance the need to respond to immediate special needs of the Royal Academy and to ensure sustained support. As at 31 August 2020, the Charity held total funds of £46.7m (2019: £46.5m), of which £16.6m (2019: £16.0m) were unrestricted funds for which £11.3m (2019: £10.9m) is both unrestricted and not designated; £19.6m (2019: £19.3m) endowment funds; and £10.5m (2019: £11.2m) restricted funds.

FUNDRAISING

The Charity has a cost of raising funds in the financial statements in relation to investment fund manager fees and staff costs for administering legacies to generate funds on behalf of the Royal Academy. The Charity does not actively fundraise and any approach to fundraising would take account of the Code of Fundraising Practice issued by the Fundraising Regulator.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 charity will continue in business;
- Observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board



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Lady Myners, Chair

03 · 12 · 20
.....
Date:

Royal Academy Trust
Independent Auditors' Report to the Trustees of Royal Academy Trust

Opinion
We have audited the financial statements of the Royal Academy Trust ("the charity") for the year ended 31 August 2020 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, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Ireland" (United Kingdom Generally Accepted Accounting Practice).

Opinion on the financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the charity's affairs as at 31 August 2020, and of its incoming resources and application of resources 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 Charities Act 2011.

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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. 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.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' annual report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees
As explained more fully in the statement of trustees' responsibilities set out on page 7, the trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' responsibilities for the audit of the financial statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report
This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Statutory Auditor **Date:** 8 December 2020

Devonshire House
60 Goswell Road
London EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Royal Academy Trust
Statement of Financial Activities
For the year ended 31 August 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £ * see note 4 for comparatives
Income and endowments from:						
Donations and legacies	5	626,009	16,828	-	**642,837**	2,397,247
Investments	6	97,068	51,805	470,007	**618,880**	586,732
Total income		723,077	68,633	470,007	**1,261,717**	2,983,979
Expenditure on:						
Raising funds	8	(218,008)	-	8,955	**(209,053)**	(258,774)
Charitable activities						
Annual donation to the Royal Academy	7	(401,700)	(457,236)	-	**(858,936)**	(274,557)
Other donations to the Royal Academy	7	-	(1,524,526)	-	**(1,524,526)**	(1,662,899)
Total charitable activities		(401,700)	(1,981,762)	-	**(2,383,462)**	(1,937,456)
Total expenditure		(619,708)	(1,981,762)	8,955	**(2,592,515)**	(2,196,230)
Net gains on investments	11	475,471	277,519	689,902	**1,442,892**	2,435,306
Unrealised losses on derivatives	16.c	-	-	-	**-**	(29,915)
Net income / (expenditure)		578,840	(1,635,610)	1,168,864	**112,094**	3,193,140
Transfers between funds	16,17	-	950,208	(950,208)	**-**	-
Total funds brought forward		15,998,419	11,223,043	19,332,707	**46,554,169**	43,361,029
Total funds carried forward		**16,577,259**	**10,537,641**	**19,551,363**	**46,666,263**	46,554,169

All gains and losses arising in the year are included in the Statement of Financial Activities and arise from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Royal Academy Trust
Balance Sheet as at 31 August 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	11	**46,333,757**	44,492,798
Current assets			
Debtors	12	**185,884**	274,556
Cash at bank and in hand		**598,938**	1,871,699
Total current assets		**784,822**	2,146,255
Liabilities			
Creditors - amounts falling due within one year	13	**(452,316)**	(84,884)
Net current assets		**332,506**	2,061,371
Net assets		**46,666,263**	46,554,169
The funds of the charity:			
Endowment funds	16	**19,551,363**	19,332,707
Restricted funds	17	**10,537,641**	11,223,043
Unrestricted funds:			
Designated	18	**5,262,694**	5,122,016
Other		**11,314,565**	10,876,403
Total unrestricted funds		**16,577,259**	15,998,419
Total charity funds		**46,666,263**	46,554,169

Approved by the Trustees and authorised for issue on ....03:12:20.....

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Lady Myners, Chair

Royal Academy Trust
Statement of Cash Flows
For the year ended 31 August 2020

	Note	2020 £	2019 £
Net cash (used in) / from operating activities	15	**(1,420,466)**	225,752
Cash flow from investing activities			
Dividends and interest from investments	6	**618,880**	586,732
Fund manager fees	8	**(73,108)**	(186,925)
Payments to acquire fixed asset investments	11	**(8,633,356)**	(18,425,718)
Proceeds from investment disposals	11	**10,297,391**	7,405,832
Net movement in cash held in the investment portfolio	11	**(2,062,102)**	168,775
Net cash provided by / (used in) investing activities		**147,705**	(10,451,304)
Net decrease in cash and cash equivalents		**(1,272,761)**	(10,225,552)
Cash and cash equivalents at the beginning of the year		**1,871,699**	12,097,251
Cash and cash equivalents at the end of the year		**598,938**	1,871,699

Royal Academy Trust
Notes to the Financial Statements
For the year ended 31 August 2020

1 General information

Royal Academy Trust ("the Charity") is a registered charity established to serve public benefit by providing funds for the support of The Royal Academy of Arts ("the Royal Academy"). The registered office is Burlington House, Piccadilly, London.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The Charity is a Public Benefit Entity as defined by FRS 102.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. Going concern

Notwithstanding the impact of the Covid-19 pandemic the trustees consider that there are no material uncertainties affecting the Charity's ability to continue as a going concern for at least twelve months from the date of approval of the accounts.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

2 Summary of significant accounting policies (continued)

d. Funds structure (continued)

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are used at the trustees' discretion in furtherance of the general objectives of the Charity, including the general fund which represents the Charity's reserves. The major funds held in each of these categories are disclosed in notes 16 to 18.

e. Income

All income is recognised once the Charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value can be measured reliably.

Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

Donations are accounted for when received.

f. Legacies

Legacies are accounted for as income where there is clear entitlement; the amount can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the Charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

g. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities ("SOFA").

h. Raising funds

The costs of raising funds are those costs attributable to generating income for the Charity. These represent the legacy manager's salary costs, investment management fees and governance costs. Governance costs are primarily concerned with constitutional and statutory requirements.

i. Charitable activities

Costs of charitable activities comprise the donations made to the Royal Academy. Generally, donations are accounted for when paid. However, where the Royal Academy has incurred expenditure on a major capital project on the basis of a commitment from the Charity to reimburse costs, any costs not covered by donations paid in the year are provided for.

2 Summary of significant accounting policies (continued)

j. Investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. The SOFA includes any realised or unrealised gain / loss during the year.

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

k. Realised gains and losses

All gains and losses are taken to the SOFA as these arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value or later purchase price. Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value or later purchase price.

l. Foreign currencies

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

m. Financial instruments

Financial instruments are recognised in the Charity's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

Other financial assets
Other financial assets, including investments in equity instruments, are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

2 Summary of significant accounting policies (continued)

m. Financial instruments (continued)

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Other financial liabilities
Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Fair value on derivatives

Derivatives are re-measured at fair value at the year end. Fair value at year end is determined by an independent external third party.

4 Prior year comparatives by type of fund

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Income and endowments from:				
Donations	1,312,126	18,666	1,066,455	**2,397,247**
Investments	125,263	83,451	378,018	**586,732**
Total income	1,437,389	102,117	1,444,473	**2,983,979**
Expenditure on:				
Raising funds	(179,309)	-	(79,465)	**(258,774)**
Charitable activities				
Annual donation to the Royal Academy	(122,388)	(152,169)	-	**(274,557)**
Other donations to the Royal Academy	(239,140)	(1,423,759)	-	**(1,662,899)**
Total charitable activities	(361,528)	(1,575,928)	-	**(1,937,456)**
Total expenditure	(540,837)	(1,575,928)	(79,465)	**(2,196,230)**
Net gains on investments	915,538	609,928	909,840	**2,435,306**
Unrealised losses on derivatives	(29,915)	-	-	**(29,915)**
Net income / (expenditure)	1,782,175	(863,883)	2,274,848	**3,193,140**
Transfers between funds	(199,463)	274,013	(74,550)	**-**
Total funds brought forward	14,415,707	11,812,913	17,132,409	**43,361,029**
Total funds carried forward	**15,998,419**	**11,223,043**	**19,332,707**	**46,554,169**

5 Income from donations and legacies

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Total 2019 £
General*	500,081	-	-	**500,081**	1,073,819
Revenue projects:					
Schools	125,928	-	-	**125,928**	1,304,762
Library and collections	-	16,828	-	**16,828**	18,666
Total revenue projects	125,928	16,828	-	**142,756**	1,323,428
Total	**626,009**	**16,828**	**-**	**642,837**	2,397,247

* General income from donations and legacies includes £357,456 (2019: £92,087) received from The Friends of the Royal Academy.

6 Income from investments

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total 2020 £	Total 2019 £
Listed investments	92,136	51,805	469,031	**612,972**	535,263
Bank interest	4,932	-	976	**5,908**	51,469
Total	**97,068**	**51,805**	**470,007**	**618,880**	586,732

7 Analysis of expenditure on charitable activities

In the current year, the Charity made donations of £2,383,462 (2019: £1,937,456) to the Royal Academy, representing £1,505,000 (2019: £600,000) to the Burlington Project - Phase I; £nil (2019: £500,000) to Burlington Project - Phase III; £19,526 (2019: £32,000) for the cataloguing project; £92,500 (2019: £92,500) for the Heinz Architecture Programme; £198,007 (2019: £159,118) for the Schools, £6,410 (2019: £6,410) for the Library; and £5,000 (2019: £5,000) for the Casson Drawing Prize in the Summer Exhibition, with the balance donated in support of the general activities of the Royal Academy.

7 Analysis of expenditure on charitable activities (continued)

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	**Total 2020 £**	Total 2019 £
Annual donation to the Royal Academy	401,700	457,236	-	**858,936**	274,557
Royal Academy revenue projects:					
Cataloguing project	-	19,526	-	**19,526**	32,000
General	-	-	-	**-**	530,899
Total revenue projects	**-**	**19,526**	**-**	**19,526**	562,899
Royal Academy capital projects:					
Burlington Project - Phase I	-	1,505,000	-	**1,505,000**	600,000
Burlington Project - Phase III	-	-	-	**-**	500,000
Total capital projects	**-**	**1,505,000**	**-**	**1,505,000**	1,100,000
Total	**401,700**	**1,981,762**	**-**	**2,383,462**	1,937,456

8 Analysis of expenditure on raising funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	**Total 2020 £**	Total 2019 £
Fund manager fees/(rebate)	82,063	-	(8,955)	**73,108**	186,925
Staff costs	59,230	-	-	**59,230**	63,213
Auditors' remuneration	16,857	-	-	**16,857**	16,028
Bank charges	241	-	-	**241**	217
Exchange rate losses / (gains)	59,617	-	-	**59,617**	(10,857)
Miscellaneous	-	-	-	**-**	3,248
Total	**218,008**	**-**	**(8,955)**	**209,053**	258,774

9 Trustees' remuneration, benefits and expenses

The Charity's trustees give their time freely and receive no remuneration for the work that they undertake as trustees. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties.

No trustee, or person related or connected by business to them, has received any remuneration from the Charity during the current or prior year. No expenses were reimbursed to trustees for travel to attend committee meetings of the Charity during the current or prior year.

10 Analysis of staff costs

The trustees have concluded that the Executive Committee comprise the key management personnel of the Charity. No remuneration was paid to key management personnel (2019: £nil).

10 Analysis of staff costs (continued)

	2020	2019
	£	£
Salaries and wages	**49,864**	52,775
Social security costs	**5,170**	5,640
Employers pension contribution	**4,196**	4,798
Total	**59,230**	63,213

Salary costs represent the cost of staff employed by the Royal Academy and recharged to the Charity. The average number of permanent staff engaged by the Charity in 2020 was 1 (2019: 1).

11 Investments

Movement in market value of investments

	2020	2019
	£	£
Market value brought forward	**44,418,672**	30,963,480
Additions to investments at cost	**8,633,356**	18,425,718
Proceeds on disposal	**(10,297,391)**	(7,405,832)
Net gain on investments	**1,442,892**	2,435,306
Market value of investments at 31 August	**44,197,529**	44,418,672

Market value of investments by type

		2020	2019
		£	£
Bonds		**7,770,356**	8,422,532
Property		**2,387,980**	1,137,977
Global equities		**23,494,511**	24,095,585
UK equities		**5,188,701**	5,067,198
Hedged equities		**424,642**	345,142
Absolute return		**3,541,877**	4,226,840
Alternative investments		**1,005,186**	433,324
Liquid assets		**327,021**	528,220
Gold related investments		**-**	123,505
Commodities		**57,255**	38,349
Total market value of investments	[Historic cost of investments £34,721,262 (2019: £35,716,459)]	**44,197,529**	44,418,672
Cash holdings		**2,136,228**	74,126
Total		**46,333,757**	44,492,798

Investments under management were:

Partners Capital LLP	**31,749,433**	31,271,153
Sarasin & Partners LLP	**10,294,053**	10,954,485
Troy Asset Management Limited	**-**	2,267,160
Evenlode Investment Management Limited	**4,290,271**	-
Total	**46,333,757**	44,492,798

All investments are carried at their fair value.

Significant investment holdings as a % of total investment portfolio based on market value at 31 August were:	**2020**	2019
Sarasin Endowments Fund	**22.22%**	24.62%
Partners Capital The Master Portfolio (C) Ltd	**10.30%**	9.58%
Evenlode Global Income Fund	**9.26%**	n/a
Partners Capital Falcon Fund (C) Ltd	**7.70%**	9.56%
Partners Capital Greyhawk Fund, LP	**6.15%**	5.91%
Partners Capital Phoenix Fund II Ltd	**5.65%**	6.85%
Partners Capital Harrier Fund (C) Ltd	**4.98%**	7.02%
Charities Property Fund (Cordea Savills)	**4.37%**	6.72%
Vanguard UK Inflation Linked Gilt Index Fund	**2.86%**	5.14%

12 Debtors

	2020	2019
	£	£
Amounts due from the Royal Academy	-	45,734
Amounts due from Burlington House Limited	-	153,837
Amounts due from R.A. Enterprises Limited	125,928	74,985
Accrued income	59,956	-
Total	185,884	274,556

Amounts owed by related undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13 Creditors - amounts falling due within one year

	2020	2019
	£	£
Amounts due to the Royal Academy	391,916	-
Accruals	60,400	84,884
Total	452,316	84,884

14 Financial instruments

The Charity entered into two forward foreign currency contracts (each for $2,875,000) to mitigate the exchange rate risk for certain future foreign currency instalments in respect of the anonymous donor fund (see note 16.c). Both forward contracts were rolled forward using foreign exchange swaps; one matured in January 2018, with the Charity selling $2,875,000 and receiving £1,943,224; the second matured in January 2019, with the Charity selling $2,875,000 and receiving a fixed sterling amount of £1,943,224.

The foreign exchange swap was measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD.

15 Notes to the statement of cash flows

	2020	2019
	£	£
Net income	112,094	3,193,140
Adjustments for:		
- Gains on investments	(1,442,892)	(2,435,306)
- Decrease in unrealised losses on derivatives	-	(43,154)
- Dividends and interest from investments	(618,880)	(586,732)
- Fund manager fees	73,108	186,925
- Decrease / (increase) in debtors	88,672	(90,914)
- Increase in creditors	367,432	1,793
Cash flow (used in) / from operating activities	(1,420,466)	225,752

16 Analysis of endowment funds

		Balance at 2019 £	Investment returns less fund manager fees £	Unapplied total return allocated to income £	Balance at 2020 £
The Ivor Rey scholarship fund:	a				
- Trust for investment		404,400	-	-	**404,400**
- Unapplied total return		196,970	20,718	(14,532)	**203,156**
Paul Mellon endowment fund:	b				
- Trust for investment		3,039,283	-	-	**3,039,283**
- Unapplied total return		791,691	131,985	(923,676)	**-**
Anonymous donor fund:	c				
- Trust for investment		12,229,042	-	-	**12,229,042**
- Unapplied total return		1,405,403	975,020	-	**2,380,423**
McAulay Scholarship Fund:	d				
- Trust for investment		1,265,918	-	-	**1,265,918**
- Unapplied total return		-	41,141	(12,000)	**29,141**
Total		**19,332,707**	**1,168,864**	**(950,208)**	**19,551,363**

a. The Ivor Rey scholarship fund

In March 2013, £361,303 was received from the estate of Ivor Rey to establish the Ivor Rey scholarship fund which is held as a permanent endowment and is being accounted for on a total return basis. A further £43,097 was received in December 2016. The purpose of the fund is to provide an annual award from investment returns to enable students of the Royal Academy of Arts Schools ("Royal Academy Schools") to visit Paris, France for the purpose of studying art.

b. Paul Mellon endowment fund

The Paul Mellon endowment fund was established in 2000 by a £3,039,283 ($5,000,000) legacy from Paul Mellon. It is held as a permanent endowment and is being accounted for on a total return basis. The terms of the bequest restrict the investment returns arising from it to the general purpose of the Royal Academy.

c. Anonymous donor fund

A donor, whose identity is known to the Royal Academy, but who wished to remain publicly anonymous pledged $23,000,000 in October 2015, to be paid in eight equal annual instalments from December 2015, but with the donor having the right to accelerate any one or more of such instalments. $15,333,333 (£10,000,000 based on the exchange rate at date of pledge) is to be held as a permanent endowment and is being accounted for on a total return basis, with investment returns generated being available to the Royal Academy for unrestricted revenue projects from 2022, with the remaining $7,666,667 (£5,000,000 based on the exchange rate at date of pledge) being available to the Royal Academy for a restricted capital project, Burlington Project - Phase III.

Two instalments were received ($5,750,000 / £3,966,198) in the period to 31 August 2017. Payment of the remaining instalments was accelerated, with the balance received during the year ended 31 August 2018. £12,229,042 ($15,000,000) is included in the endowment funds above (including a £2,229,042 realised foreign exchange gain), with £5,000,000 included in restricted funds - Burlington Project III (see note 17). As disclosed in note 14, the Charity entered into forward foreign currency contracts and foreign exchange swaps, with reference to the USD:GBP rate of 1.53 implicit in the anonymous donor agreement to hedge the exchange rate risk on two instalments. The final foreign exchange swap matured in the year ended 31 August 2019, so there was no gain or loss during the year (2019: loss of £29,915).

d. McAulay Scholarship Fund

A donation of $1,323,364 / £1,066,455 was received from the McAulay family in August 2019 to support two full scholarships for students at the Royal Academy Schools in perpetuity. The donor's expressed intention was for these funds to "top up" the existing fund established in 1998 to provide fees and maintenance for a student at the Royal Academy Schools. This was previously classified as designated funds, but in 2019, the closing balance for the year of £199,463 was re-classified as an endowment fund. The fund is held as a permanent endowment and is being accounted for on a total return basis, with the investment return being used to fund the scholarships.

17 Analysis of restricted funds

		Balance at 2019 £	Income and fund growth in year £	Utilised in year £	Unapplied total return from endowments £	Balance at 2020 £
Heinz Architecture fund	17.a	3,726,305	124,959	(92,500)	-	**3,758,764**
Salaman-Seelig art fund	17.b	84,673	2,676	(7,000)	-	**80,349**
The Ivor Rey scholarship fund	16.a	22,216	265	(14,532)	14,532	**22,481**
Paul Mellon endowment fund	16.b	296,619	-	(296,619)	923,676	**923,676**
McAulay Scholarship fund	16.d	-	-	(12,000)	12,000	**-**
Cataloguing project	17.c	19,300	17,054	(19,526)	-	**16,828**
Greenham fund	17.d	184,794	6,183	(5,340)	-	**185,637**
The Starr Fellowship	17.e	1,104,283	37,057	(28,685)	-	**1,112,655**
Weiss fund	17.f	19,098	639	(560)	-	**19,177**
Burlington Project - Phase I	17.g	1,494,825	10,175	(1,505,000)	-	**-**
Burlington Project - Phase III	17.h	4,270,930	147,144	-	-	**4,418,074**
Total		**11,223,043**	**346,152**	**(1,981,762)**	**950,208**	**10,537,641**

a. Heinz Architecture fund

The Heinz Architecture fund comprises a major donation received in 1993 to support the development of the architecture programme of the Royal Academy. The trustees make a donation each year to support the costs of the programme.

b. Salaman-Seelig art fund

The Salaman-Seelig art fund was established in 2016 by a £71,550 legacy from Auriol Seelig. The purpose of the fund is to make an annual award to a 2nd year student of the Royal Academy Schools. It is anticipated that the award will be made for 12 consecutive years.

c. Cataloguing project

The cataloguing project was established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

d. Greenham fund

The Greenham fund was established in 1992 through donations from trusts, private individuals and an auction of donated works. The purpose of the fund is to provide a three year bursary for a student of the Royal Academy Schools, selected by the Keeper of the Royal Academy Schools.

e. The Starr Fellowship

The Starr Fellowship was established in 1987, with subsequent donations in 1998, 1999, 2000, 2001 and 2004. The fund is used to support an annual fellowship for American nationals with a contemporary art practice with a bursary of £26,000 and to support the Royal Academy Schools general running costs that allow the fellowship to be offered.

f. Weiss fund

The Weiss fund was established in 2005 by a donation of £10,000 from Edna Weiss. The purpose of the fund is make an annual award of £560 to a student of the Royal Academy Schools working in a figurative style.

g. Burlington Project - Phase I

The Julia and Hans Rausing Trust donated £2,500,000 to be available to the Royal Academy for the Burlington Project - Phase I in 2018. £500,000 was donated to the Royal Academy in 2018, whilst the remaining balance was invested by the Charity. A further £600,000 was then donated to the Royal Academy in 2019 and in 2020 the remaining funds were fully drawn to donate £1,505,000 to the RA (comprising the remaining £1,400,000 from the original donation, plus investment gains of £105,000).

17 Analysis of restricted funds (continued)

h. Burlington Project - Phase III

As disclosed in note 16.c, a donor, whose identity is known to the Royal Academy but who wished to remain publicly anonymous, donated £5,000,000 in 2018 to the Burlington Project - Phase III. £nil was donated to the Royal Academy in 2020 (2019: £500,000) in respect of costs incurred to date by the Royal Academy on this project, with the remaining £4,000,000 being held by the Charity until required by the Royal Academy.

18 Analysis of designated funds

The trustees have designated the funds detailed below out of unrestricted funds:

		Balance at 2019 £	Utilised in year £	Income and fund growth in year £	Balance at 2020 £
General	a	1,590,008	(48,700)	53,102	**1,594,410**
Sir Roger de Grey Memorial Fund	b	133,773	(5,529)	4,418	**132,662**
Casson Award	d	312,896	(5,000)	10,608	**318,504**
Eranda Professor	e	146,796	(4,250)	4,911	**147,457**
Cheneviére Travel Award	f	163,157	(4,720)	5,458	**163,895**
Schools Portfolio Fund	g	147,110	(4,260)	4,922	**147,772**
Patricia Turner Award	h	336,657	(9,730)	11,263	**338,190**
The Pauline Sitwell Bursary Fund	i	399,510	(11,550)	13,366	**401,326**
Maintenance Fund	j	1,892,109	(62,590)	188,959	**2,018,478**
Total		**5,122,016**	**(156,329)**	**297,007**	**5,262,694**

a. General

In 1998, the Charity received £1,359,212 from the Royal Academy in respect of several small trusts. These trusts represent funds donated in support of scholarships and prizes in the Royal Academy Schools; maintenance of the Royal Academy Collections; and the general purposes of the Royal Academy. The Charity Commission gave permission for these funds to be transferred to the Charity on the basis of the improvements to investment performance and administration likely to ensue. These funds have been treated as designated funds that have been set aside out of the unrestricted funds by the trustees for specific purposes.

b. Sir Roger de Grey Memorial Fund

The fund was launched in 1996 to establish a source of funds to provide student maintenance grants for students at two independent institutions with which Sir Roger was associated: the Royal Academy Schools and the City & Guilds of London Art School. Sir Roger was President of the Royal Academy from 1984 to 1993 and Principal of the City & Guilds from 1973 until his death in 1995. Funds totalling £80,000 were invested on the understanding that annual maintenance grants would be made to each fine art school (split evenly between them).

d. Casson Award

The fund was created in 2001 to establish a prize for drawing to be awarded during the Summer Exhibition with initial funds totalling £107,000. The fund was increased in 2013 and 2015 through bequests of £88,482 and £20,152 respectively received from the estate of Mrs Anne Marjorie Crosthwait.

18 Analysis of designated funds (continued)

e. Eranda Professor

The fund was created in 2001 to establish a professorship in the Royal Academy Schools. An initial donation of £120,000 from the Eranda Foundation was earmarked for investment by the Charity on the understanding that this would fund a professor in the Royal Academy Schools. Further funds of £20,000 were donated in 2012 by the Trustees of the Eranda Foundation.

f. Cheneviére Travel Award

The fund was launched in 2001 to establish a source of funds to provide a travel bursary for a student in the Royal Academy Schools. Funds totalling £144,000, raised by the Cheneviére family, were earmarked by the trustees and invested on the understanding that a travel award would be made each year to a student in the Royal Academy Schools.

g. Schools Portfolio Fund

The fund was created in 2001 to establish a source of funds providing maintenance for students at the Royal Academy Schools.

h. Patricia Turner Award

In November 2001 the Charity earmarked £200,000 of donations to establish a fund to provide a grant to a graduating student in 3D media.

i. The Pauline Sitwell Bursary Fund

In May 2012, £250,000 from Pauline Sitwell's bequest to the Royal Academy, as a whole group, was paid directly to the Charity to establish the Pauline Sitwell Bursary Fund. The purpose of the fund is to provide an annual bursary award to assist students of the Royal Academy Schools with living costs. The annual award was set at £7,500 per annum, but is subject to annual review by trustees of the Charity.

j. Maintenance Fund

The fund was created in 2004 to provide maintenance for students at the Royal Academy. In addition to investment income received, a total of £125,928 has been added to this fund during 2020 (2019: £238,307), arising from fundraising activities.

An annual donation is made from each designated fund to the Royal Academy in line with the wishes of each fund. This will continue until each fund has been fully drawndown.

Analysis of net assets between designated funds	**Investments £**	**Net current assets £**	**Total net assets £**
General	1,594,410	-	**1,594,410**
Sir Roger de Grey Memorial Fund	132,662	-	**132,662**
Casson Award	318,504	-	**318,504**
Eranda Professor	147,457	-	**147,457**
Cheneviére Travel Award	163,895	-	**163,895**
Schools Portfolio Fund	147,772	-	**147,772**
Patricia Turner Award	338,190	-	**338,190**
The Pauline Sitwell Bursary Fund	401,326	-	**401,326**
Maintenance Fund	1,892,550	125,928	**2,018,478**
Total	**5,136,766**	**125,928**	**5,262,694**

19 Analysis of net assets between funds

	Investments £	Net current assets £	Total net assets £
Endowment funds	19,459,545	91,818	**19,551,363**
Restricted funds	10,520,813	16,828	**10,537,641**
Unrestricted funds:			
Designated	5,136,766	125,928	**5,262,694**
Other	11,216,633	97,932	**11,314,565**
Total	**46,333,757**	**332,506**	**46,666,263**

20 Financial instruments

The financial statements include the following in respect of items held at fair value at 31 August:

	2020 £	2019 £
Financial assets measured at amortised cost	**185,884**	274,556
Financial liabilities measured at amortised cost	**452,316**	84,884
Financial assets measured at fair value through the SOFA	**46,333,757**	44,492,798

21 Related party transactions

The Royal Academy made a donation of £16,828 to the Charity related to unspent funds from the cataloguing project (2019: £18,666). The Charity donated £2,383,462 (2019: £1,937,456) to the Royal Academy; £1,505,000 (2019: £600,000) towards the Burlington Project - Phase I; £nil (2019: £500,000) towards the Burlington Project - Phase III; and £878,462 (2019: £837,456) to support various campaigns and capital projects. At the year end £391,916 was outstanding and included within creditors (2019: £45,735 included within debtors).

R.A. Enterprises Limited made a donation of £125,928 (2019: £74,985) to the Charity for future funding of the Royal Academy Schools. At the year end £125,928 (2019: £74,985) was outstanding and included within debtors.

Burlington House Limited made a donation of £nil to the Charity in the year (2019: £153,837) for future funding of the Royal Academy Schools. At the year end £nil (2019: £153,837) was outstanding and included within debtors.

The Friends of the Royal Academy made an unrestricted donation of £357,456 (2019: £92,087) to the Charity to provide future funding for the Royal Academy.