

THE HAMPSTEAD SCHOOL OF ART

England & Wales · Charity number 1072327

Details

Status	Registered
Legal form	Charitable company
Company number	03015275
Registered	1998-11-05
Register	View on the Charity Commission register

Contact

Address	Hampstead School of Art 2 Penrose Gardens London NW3 7BF
Phone	02077941439
Email	info@hsoa.co.uk
Website	www.hampstead-school-of-art.org

Activities

Objects: TO PROMOTE THE ADVANCEMENT OF EDUCATION AND TRAINING BY ESTABLISHING, MANAGING, ARRANGING AND PROVIDING CLASSES, TUTORIAL COURSES, DEMONSTRATIONS, CORRESPONDENCE COURSES, LECTURES, SEMINARS AND TO SUPERVISE THE SAME, AND TO MAINTAIN PREMISES FOR SUCH TEACHING AND TO CONDUCT COURSES AND EXAMINATIONS AND AWARD CERTIFICATES; TO EMPLOY TEACHERS, TUTORS, EXAMINERS AND OTHERS AS MAY BE REQUIRED.

Activities: The school provides scholarships to young people who wish to apply as candidates to art colleges who would not be able to fund their own courses. The students join our pre-foundation course - our first scholarship student is now studying jewellery making at Sir John Cass College - We hope to increase the number of scholarships as additional funds become available.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space
- **What:** Education/training
- **Who:** The General Public/mankind

Geography

- Camden

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£982,743	£958,221	£1,158,628	30
2023-08-31	£1,284,871	£976,421	£1,134,106	30
2022-08-31	£1,017,046	£934,865	£825,656	27
2021-08-31	£962,503	£898,520	£743,475	32
2020-08-31	£852,735	£948,157	£679,492	34

Trustees

Name	Role	Appointed
Cynthia Barlow		
Nicolette Aubury		2014-09-15
REGINALD BOORER		2012-05-31

THE HAMPSTEAD SCHOOL OF ART

England & Wales - Charity number 1072327

Accounts

COMPANY REGISTRATION NUMBER: 03015275
CHARITY REGISTRATION NUMBER: 1072327

**The Hampstead School of Art
Company Limited by Guarantee
Unaudited Financial Statements
31 August 2024**



BRIAN PAUL LIMITED

Chartered accountants
159a Chase Side
Enfield
Middlesex
EN2 0PW

The Hampstead School of Art

Company Limited by Guarantee

Financial Statements

Year ended 31 August 2024

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The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 August 2024

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 August 2024.

Reference and administrative details

Registered charity name The Hampstead School of Art

Charity registration number 1072327

Company registration number 03015275

Principal office and registered office 2 Penrose Gardens
London
NW3 7BF
England

The trustees

Julia Simpson	(Chairperson)
Reginald Boorer	(Vice Chair)
Cynthia Barlow OBE	
Robert Goodall	(Treasurer)
Nicolette Aubury	
Wendy MacKinnon	(Resigned 1 December 2024)

Company secretary Isabel Langtry

Independent examiner Brian Paul Limited
Chartered Accountants
159a Chase Side
Enfield
Middlesex
EN2 0PW

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2024

The Trustees present their annual report together with the audited financial statements of Hampstead School of Art for the year 1 September 2023 to 31 August 2024. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Structure, governance and management

a. Constitution

The company is registered as a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 January 1995, and is registered as a charity with the Charity Commission. The company, Hampstead School of Art (HSoA), operates as a traditional Fine Art and Applied Art community art education charity.

b. Method of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are appointed by the Trustees at the Annual General Meeting in accordance with the Articles of Association. There must be at least two Trustees and not more than twenty individuals all of whom must be members.

The trustees have no beneficial interest in the school other than as members. The Trustees are also the directors of the school and as members are guaranteed to contribute £1 each in the event of winding up.

c. Organisational structure and decision-making policies

HSoA is administered by the Board of Trustees. Subcommittees meet regularly and full board meetings are termly. Day to day management and running of the Art School is delegated to Isabel H Langtry, the Principal, appointed in 2011. The Principal makes decisions in accordance with Board policy and Hampstead School of Art Business Plan developed to meet the school strategic objectives set out by the Board of Trustees together with the Principal.

d. Policies adopted for induction and training of Trustees

Training on HSoA policies and procedures for new Trustees is provided, where necessary, by the existing Trustees, the Principal and the Executive Bursar.

e. Staff and remuneration policy

HSoA continues to operate with a relatively small number of dedicated and skilled core staff, augmented by a larger network of freelance tutors. HSoA is committed to paying staff fairly for the work that they do, whilst recognising that the charity operates with limited financial resources.

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2024

Structure, governance and management *(continued)*

The remuneration and benefits of HSoA senior management team are decided by the Trustees, on the recommendation of the finance committee, taking account of market rates and achievements of performance objectives.

f. Related Party

None of the Trustees receive any remuneration or benefits for work on behalf of the school. Any contractual arrangements with Trustees need to be disclosed in the notes to the financial statements.

Objectives and activities

The lasting objective of the Charity is to offer public benefit through the provision of specialist learning in fine art and the applied arts.

a. Objectives

Community, inclusivity and self-expression drive our culture. Hampstead School of Art is committed to widening participation in inter-generational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Public benefit

Hampstead School of Art (HSoA) encourages participation in and provides access to traditional Fine Art and Applied Art learning for everyone, at any age! The school is committed to widening participation in intergenerational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice. HSoA also provides spaces where artists can work and grow and where local communities can access art and creativity.

HSoA's work achieves high levels of economic, social and cultural impact by providing extensive resources that promote the advancement of art education which includes:

- a. Out-reach art classes: for community members who are unable to access the art school buildings.
 - b. In-reach classes: for learners with complex difficulties or mobility challenges where appropriate.
 - c. Our open-door policy: anyone with an interest in art can access art making.
 - d. Supporting the homeless: HSoA offers aid via learning bursaries to people affected by homelessness.
 - e. Bursary programme: Financial support for Foundation Courses and the Sir Frank Bowling and Lady Rachel Scott Bowling Bursaries and, the Mara Trust Printmaking Bursary which are awarded annually.
 - f. A comprehensive programme of support for the local community is well established and includes many activities for the public, businesses and other small charities. These include a range of annual activities such as openly available workshops at local festivals, art fairs and community events, HSoA Exhibitions, the Hampstead Summer Festival and Art Fair Day which includes two annual local children's art competitions publicly displayed at the festivals and The Art Street Canvas Mural Festival.
 - g. Free lectures and exhibitions are available to the local community.
 - h. Cultural spaces such as the HSoA Artist in Residence Programme
-

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2024

Objectives and activities (continued)

c. Activities undertaken to achieve objectives

HSoA offers a comprehensive programme of termly day and evening classes, full time courses, workshops and exhibitions for students, visitors and the local community as well as a programme of free lectures and events.

d. Unleashing the artist in everyone

HSoA's success is based on our commitment to provide a wide range of fine art skills taught by practicing artists delivering specialist teaching in order to help develop individual abilities. Accessibility to all with an interest in art and applied art.

Our goal is to ensuring that the art school:

- Provides a high standard of art learning from Family Classes to full time pre University and post University courses.
- Offers bursaries irrespective of age, background or ability.
- Delivers first-rate and comprehensive range of fine art and applied art skills such as: drawing, painting, sculpture, printmaking, installation, digital art, film, performance and lens-based works, studio ceramics, mosaics, textiles, jewellery, brush and silk painting, portfolio building, pre-foundation, foundation diploma courses art exam support and advanced courses in fine art.

Achievements and performance

a. Main achievements of the Company

Growth: Since moving into the new premises, the number of students attending the school have grown significantly. The learning offer has expanded to meet the growing demand for a range of subjects and workshops for school children and families with pre-school children. There are approximately 2,500 learning places subscribed to yearly offered by the Art School.

Inclusivity: HSoA's open-door policy endeavours to provide access to fine art and applied art learning for everyone. *In-reach and outreach courses have been at the core of many successes in personal development by helping students reach their next step in higher education or lifelong learning. This has been achieved across a diverse student population irrespective of age, background, ability or experience.*

Academic excellence: As HSoA's reputation grows our successes continue. We are proud that 100% of our Foundation students applying to university degrees achieve their goal, some remain to study HSoA's Advanced Course. Our teaching-artists exhibit around the world and receive accolades on a regular basis. **International reputation and partnerships:** HSoA

International reputation and partnerships: HSoA's International reputation and partnerships are growing as the Principal Isabel H Langtry leads the path in collaborating with international projects, appointing patrons and as the creative lead realises the making of internationally requested public sculptures, collaborates with scientists and artists in environmental and creative projects and publishes these results through HSoA publishing. Connections in Chile, China, Italy, Spain, Singapore, Bermuda, Indonesia, Istria, Saudi Arabia, Sharjah, Sweden, Holland, Austria and Australia, have been forged resulting in 6 highly acclaimed Patrons, Alan Gouk, Sir Frank Bowling, Francisco Gazitua MRSS, Dolorosa Sinaga, Lady Rachel Scott Bowling and Angela Leible whose contributions to our art school learning is invaluable. The Principal lectures, judges and awards internationally, often invited to talk about the art schools aims and objectives.

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2024

b. Financial review

The preferred business model of Hampstead School of Art is to achieve independent financial viability by generating most of its income from tuition fees for traditional and contemporary Fine Art and Applied Art learning, Foundation and Advanced Courses. Although fundraising is conducted by the school, it is not dependent on grants or other external funding to maintain its day-to-day activities. Robust operational and financial policies, including generation and maintenance of significant cash reserves helps us to fulfil our goal of achieving long-term sustainability and financial security.

HSoA continues to invest in capital projects such as premises and IT upgrades to meet the demands of the expanding curriculum and the growth in student numbers. Investment in a high calibre management team and specialist tutors in an ever-expanding and exciting programme of classes supports this objective.

The results for the year show a surplus of £24,522 (2023: £308,450) after depreciation charge of £49,280 (2023: £52,219). This surplus in the previous financial year was mainly attributable to a one-off donation received in the year of £250,000 together with prudent financial management. The balance sheet shows net current assets of £293,307 (2023: £256,604). The net book value of tangible fixed assets held amounted to £1,396,664 (2023: £1,441,916)

c. Investment policy and performance

The Art School is currently building up its reserves and all funds are used operationally. Our investment policy is to ensure funds that the Art School does not immediately need to cover anticipated expenditure, these are invested to maximise the Art Schools income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk.

d. Reserves policy

HSoA's reserves policy is based on continued operations of its activities and have identified to maintain free reserves equivalent to at least 6 months running cost to enable HSoA to meet its obligation in the shorter term and to cover any unforeseen deficits or revenue shortfalls.

Total funds at the balance sheet date were £1,158,628 (2023: £1,134,106) of which £367,385 (2023: £374,565) were restricted. Details of restricted funds are provided in note 20.

e. Financial risk management objectives and policies

The Trustees have assessed the major risks to which HSoA is exposed, in particular those relating to the operations and finances and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

f. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2024

Plans for the future

Our goal to create a thriving art school underpinned by a permanent home has been realised. This has allowed HSoA to continue developing its robust financial growth, stimulate new initiatives, contribute to positive life change and continuing learning.

Social engagement: A key focus of the art school will be growth of HSoA's social engagement programme developed to inspire new and existing audiences to participate with art via studio, virtual and external engagement.

Bursary programme expansion: Expanding our internal scholarship/bursaries and community projects programmes for those with greater social or educational needs that would otherwise not be met is also a key objective.

Unleashing the Artist in Everyone: To provide additional programme and bursaries for a greater number of students and continue to 'Unleash the Artist in Everyone' by creating opportunities for any person, of any age, who comes to the school wishing to develop their creative abilities and understanding.

School Expansion: We aim to continue securing further premises in which to encourage artists/learners to create work that is accessible for the local community, create new performative spaces and further enrich the learning of our students.

International partnerships and reputation building: Our aim is to build on the success to date by deepening new connections and building new and exciting opportunities nationally and internationally.

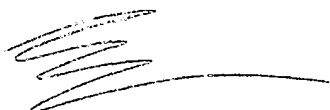
Outreach: We aim to rebuild pre COVID partnerships which have been available for local community groups to undertake art classes.

Financial Security: In view of the current economic climate re cost-of-living crisis, HSoA will look at generating more funds to support students and to protect the financial security of the school.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 1st May 2025 and signed on behalf of the board of trustees by:



Julia Simpson
Trustee

The Hampstead School of Art

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of The Hampstead School of Art

Year ended 31 August 2024

I report to the trustees on my examination of the financial statements of The Hampstead School of Art ('the charity') for the year ended 31 August 2024.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Hampstead School of Art

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of The Hampstead School of Art *(continued)*

Year ended 31 August 2024

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

**Parvez Dalal ACA, FCCA
Independent Examiner**

**For and on behalf of
Brian Paul limited
159a Chase Side
Enfield
Middlesex
EN2 0PW**

27-05-2025

The Hampstead School of Art

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 August 2024

			2024		2023
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	32,762	8,000	40,762	283,474
Charitable activities	6	829,480	–	829,480	908,000
Other trading activities	7	94,035	–	94,035	91,756
Investment income	8	18,466	–	18,466	1,641
Total income		<u>974,743</u>	<u>8,000</u>	<u>982,743</u>	<u>1,284,871</u>
Expenditure					
Expenditure on charitable activities	9,10	947,144	11,077	958,221	976,421
Total expenditure		<u>947,144</u>	<u>11,077</u>	<u>958,221</u>	<u>976,421</u>
Net income and net movement in funds		<u>27,599</u>	<u>(3,077)</u>	<u>24,522</u>	<u>308,450</u>
Reconciliation of funds					
Total funds brought forward		763,644	370,462	1,134,106	825,656
Total funds carried forward		<u>791,243</u>	<u>367,385</u>	<u>1,158,628</u>	<u>1,134,106</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 13 to 23 form part of these financial statements.

The Hampstead School of Art

Company Limited by Guarantee

Statement of Financial Position

31 August 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible fixed assets	16	1,396,664	1,441,917
Current assets			
Debtors	17	49,349	17,430
Cash at bank and in hand		<u>656,819</u>	<u>618,864</u>
		706,168	636,294
Creditors: amounts falling due within one year	18	<u>412,861</u>	<u>379,690</u>
Net current assets		<u>293,307</u>	<u>256,604</u>
Total assets less current liabilities		1,689,971	1,698,521
Creditors: amounts falling due after more than one year	19	<u>531,343</u>	<u>564,415</u>
Net assets		<u>1,158,628</u>	<u>1,134,106</u>
Funds of the charity			
Restricted funds		367,385	370,462
Unrestricted funds		<u>791,243</u>	<u>763,644</u>
Total charity funds	20	<u>1,158,628</u>	<u>1,134,106</u>

For the year ending 31 August 2024 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

The statement of financial position
continues on the following page.

The notes on pages 13 to 23 form part of these financial statements.

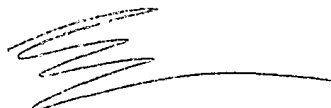
The Hampstead School of Art

Company Limited by Guarantee

Statement of Financial Position *(continued)*

31 August 2024

These financial statements were approved by the board of trustees and authorised for issue on 1st May 2025, and are signed on behalf of the board by:



Julia Simpson
Trustee

The notes on pages 13 to 23 form part of these financial statements.

The Hampstead School of Art

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 August 2024

	2024	2023
	£	£
Cash flows from operating activities		
Net income	24,522	308,450
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	49,280	52,219
Other interest receivable and similar income	(18,466)	(1,641)
Interest payable and similar charges	20,812	21,874
Accrued expenses/(income)	54,236	(47,031)
<i>Changes in:</i>		
Trade and other debtors	(31,919)	59,461
Trade and other creditors	(21,065)	15,754
Cash generated from operations	77,400	409,086
Interest paid	(20,812)	(21,874)
Interest received	18,466	1,641
Net cash from operating activities	<u>75,054</u>	<u>388,853</u>
Cash flows from investing activities		
Purchase of tangible assets	(4,027)	(6,814)
Net cash used in investing activities	<u>(4,027)</u>	<u>(6,814)</u>
Cash flows from financing activities		
Proceeds from borrowings	(33,072)	(32,011)
Net cash used in financing activities	<u>(33,072)</u>	<u>(32,011)</u>
Net increase in cash and cash equivalents	37,955	350,028
Cash and cash equivalents at beginning of year	<u>618,864</u>	<u>268,836</u>
Cash and cash equivalents at end of year	<u>656,819</u>	<u>618,864</u>

The notes on pages 13 to 23 form part of these financial statements.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2024

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 2 Penrose Gardens, London, NW3 7BF, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

The Hampstead School of Arts meet the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling rounded to the nearest pound, which is the functional currency of the entity.

Going concern

The school meets its day to day working capital requirements through the utilisation of its own funds and a bank loan relating to the acquisition of the freehold. The school incurred a surplus in the year of £24,522 (2023: £308,450) and as at the balance sheet date had a bank balance of £656,819 and the net current assets £293,307.

Judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. 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. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and assumptions:

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- Student fees represent tuition and other fees due and are accounted for on an accruals basis.
- Deferred income represents students fees received in relation to tuition provided in the following year.
- Bank interest and other income is accounted for on an accruals basis.
- Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.
- Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

3. Accounting policies *(continued)*

Resources expended

Expenditure is recognised on once there is a legal or constructive obligation to transfer economic benefit to a third party. It is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

Tangible assets

Tangible assets are initially recorded at cost and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	2% straight line
Furniture, Fixture & Equipment	-	25% reducing balance

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Operating leases

Rental paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Pension

The company operates a defined contribution pension scheme, and the pension charge represents the amount payable by the Company to the fund in respect of the year.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

4. Limited by guarantee

The company is registered as a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 January 1995, and is registered as a charity with the Charity Commission. The company, Hampstead School of Art (HSoA), operates as a traditional Fine Art and Applied Art community education charity.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Donations			
Donations and legacies	32,762	–	32,762
Grants			
Grants receivable	–	8,000	8,000
	<u>32,762</u>	<u>8,000</u>	<u>40,762</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Donations			
Donations and legacies	283,474	–	283,474
Grants			
Grants receivable	–	–	–
	<u>283,474</u>	<u>–</u>	<u>283,474</u>

6. Charitable activities

	Unrestricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Total Funds 2023 £
Tuition fees and other income	<u>829,480</u>	<u>829,480</u>	<u>908,000</u>	<u>908,000</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

7. Other trading activities

	Unrestricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Total Funds 2023 £
Cafe income	43,095	43,095	42,549	42,549
Gallery exhibition income	20,502	20,502	15,438	15,438
Miscellaneous sales	30,438	30,438	33,769	33,769
	<u>94,035</u>	<u>94,035</u>	<u>91,756</u>	<u>91,756</u>

8. Investment income

	Unrestricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Total Funds 2023 £
Bank interest	18,466	18,466	1,641	1,641

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Direct costs	347,399	8,000	355,399
Café costs	45,051	–	45,051
Exhibition costs	18,006	–	18,006
Support costs	536,688	3,077	539,765
	<u>947,144</u>	<u>11,077</u>	<u>958,221</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Direct costs	368,902	–	368,902
Café costs	41,728	–	41,728
Exhibition costs	20,082	–	20,082
Support costs	541,606	4,103	545,709
	<u>972,318</u>	<u>4,103</u>	<u>976,421</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

10. Expenditure on charitable activities by activity type

	Activities undertaken		Total funds	Total fund
	directly	Support costs	2024	2023
	£	£	£	£
Direct costs	355,399	–	355,399	368,902
Café costs	45,049	–	45,049	41,728
Exhibition costs	18,006	–	18,006	20,082
Support costs	–	539,767	539,767	545,709
	<u>418,454</u>	<u>539,767</u>	<u>958,221</u>	<u>976,421</u>

The detail charitable expenses by activity is shown on page 25 and 26 of the financial statements.

11. Net income

Net income is stated after charging/(crediting):

	2024	2023
	£	£
Depreciation of tangible fixed assets	<u>49,280</u>	<u>52,219</u>

12. Auditors remuneration

	2024	2023
	£	£
Fees payable for the audit of the financial statements	<u>–</u>	<u>4,800</u>

13. Independent examination fees

	2024	2023
	£	£
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>2,400</u>	<u>–</u>

14. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2024	2023
	£	£
Wages and salaries	549,681	565,539
Social security costs	31,252	31,524
Defined pension contributions	7,064	9,428
	<u>587,996</u>	<u>606,491</u>

The average head count of employees during the year was 30 (2023: 26). The average number of full-time equivalent employees during the year is analysed as follows:

	2024	2023
	No.	No.
Number of staff	<u>30</u>	<u>26</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

14. Staff costs *(continued)*

The number of employees whose remuneration for the year fell within the following bands, were:

	2024	2023
	No.	No.
£60,000 to £69,999	1	1
£80,000 to £89,999	1	1
	<u>2</u>	<u>2</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £196,782 (2023:£196,684).

15. Trustee remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2023 - £nil).

During the year ended 31st August 2024, no Trustee expenses have been incurred (2023 - £nil).

16. Tangible fixed assets

	Long leasehold property £	Equipment £	Total £
Cost			
At 1 September 2023	1,523,661	287,996	1,811,657
Additions	–	4,027	4,027
At 31 August 2024	<u>1,523,661</u>	<u>292,023</u>	<u>1,815,684</u>
Depreciation			
At 1 September 2023	190,964	178,776	369,740
Charge for the year	30,967	18,313	49,280
At 31 August 2024	<u>221,931</u>	<u>197,089</u>	<u>419,020</u>
Carrying amount			
At 31 August 2024	<u>1,301,730</u>	<u>94,934</u>	<u>1,396,664</u>
At 31 August 2023	<u>1,332,697</u>	<u>109,220</u>	<u>1,441,917</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

17. Debtors

	2024	2023
	£	£
Trade debtors	42,956	9,221
Prepayments and accrued income	3,110	2,252
Other debtors	3,283	5,957
	<u>49,349</u>	<u>17,430</u>

18. Creditors: amounts falling due within one year

	2024	2023
	£	£
Bank loans and overdrafts	53,884	53,884
Trade creditors	5,698	23,284
Accruals and deferred income	337,134	282,898
Social security and other taxes	8,815	12,184
Other creditors	7,330	7,440
	<u>412,861</u>	<u>379,690</u>

19. Creditors: amounts falling due after more than one year

	2024	2023
	£	£
Bank loans	<u>531,343</u>	<u>564,415</u>

The loan from HSBC to assist in funding the purchase of the 999 year lease, is repayable over 20 years completing in 2038. Interest is to be charged at approximately 4% per annum for the duration of the loan.

The bank loan is secured by a fixed and floating charged over all of the company's assets.

20. Analysis of charitable funds

Unrestricted funds

	At 1 September 2023	Income	Expenditure	At 31 August 2024
	£	£	£	£
General funds	<u>763,644</u>	<u>974,743</u>	<u>(947,144)</u>	<u>791,243</u>

	At 1 September 2022	Income	Expenditure	At 31 August 2023
	£	£	£	£
General funds	<u>451,091</u>	<u>1,284,871</u>	<u>(972,318)</u>	<u>763,644</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

20. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 September 2023 £	Income £	Expenditure £	At 31 August 2024 £
Restricted Fund	358,154	–	–	358,154
London Borough of Camden	12,308	8,000	(11,077)	9,231
	<u>370,462</u>	<u>8,000</u>	<u>(11,077)</u>	<u>371,488</u>

	At 1 September 2022 £	Income £	Expenditure £	At 31 August 2023 £
Restricted Fund	358,154	–	–	358,154
London Borough of Camden	16,411	–	(4,103)	12,308
	<u>374,565</u>	<u>–</u>	<u>(4,103)</u>	<u>370,462</u>

21. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Tangible fixed assets	1,029,279	367,385	1,396,664
Current assets	706,168	–	706,168
Creditors less than 1 year	(358,977)	–	(358,977)
Creditors greater than 1 year	(585,227)	–	(585,227)
Net assets	<u>791,243</u>	<u>367,385</u>	<u>1,158,628</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Tangible fixed assets	1,071,455	370,462	1,441,917
Current assets	636,294	–	636,294
Creditors less than 1 year	(379,690)	–	(379,690)
Creditors greater than 1 year	(564,415)	–	(564,415)
Net assets	<u>763,644</u>	<u>370,462</u>	<u>1,134,106</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2024

22. Analysis of changes in net debt

	At 1 Sep 2023	Cash flows	At 31 Aug 2024
	£	£	£
Cash at bank and in hand	618,864	37,955	656,819
Debt due within one year	(53,884)	–	(53,884)
Debt due after one year	(564,415)	33,072	(531,343)
	<u>565</u>	<u>71,027</u>	<u>71,592</u>

23. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independent administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £7,064 (2023: £9,428). Contributions totalling £2,029 (2023: £2,139) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating commitments

At 31 August 2024 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024	2023
	£	£
Not later than 1 year	34,532	35,596
Later than 1 year and not later than 5 years	73,893	96,425
Later than 5 years	4,000	16,000
	<u>112,425</u>	<u>148,020</u>

25. Related party transactions

At the balance sheet date, the charity owed £nil (2023: £1,176) to a former trustee. This loan is interest free and repayable on demand.

THE HAMPSTEAD SCHOOL OF ART

England & Wales - Charity number 1072327

Accounts

COMPANY REGISTRATION NUMBER: 03015275
CHARITY REGISTRATION NUMBER: 1072327

**The Hampstead School of Art
Company Limited by Guarantee
Financial Statements
31 August 2023**



BRIAN PAUL LIMITED
Chartered Accountants & Statutory Auditors
Chase Green House
42 Chase Side
Enfield
Middlesex
EN2 6NF

The Hampstead School of Art

Company Limited by Guarantee

Financial Statements

Year ended 31 August 2023

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The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 August 2023

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 August 2023.

Reference and administrative details

Registered charity name The Hampstead School of Art

Charity registration number 1072327

Company registration number 03015275

Principal office and registered office 2 Penrose Gardens
London
NW3 7BF
England

The trustees

Julia Simpson (Chairperson)
Reginald Boorer (Vice Chair)
Cynthia Barlow OBE
Robert Goodall (Treasurer)
Nicolette Aubury
Wendy MacKinnon

Patrons

Sir Frank Bowling OBE, RA
Alan Gouk
Francisco Gazitua MRSS
Dolores Sinaga
Rachel Bowling
Angela Leible

Auditor

Brian Paul Limited
Chartered Accountants & Statutory Auditors
Chase Green House
42 Chase Side
Enfield
Middlesex
EN2 6NF

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2023

The Trustees present their annual report together with the audited financial statements of Hampstead School of Art for the year 1 September 2022 to 31 August 2023. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

The lasting objective of the Charity is to offer public benefit through the provision of specialist learning in fine art and the applied arts.

a. Objectives

Community, inclusivity and self-expression drive our culture. Hampstead School of Art is committed to widening participation in inter-generational learning additionally providing wellness and giving people of all levels and abilities the confidence to find their own artistic voice.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Public benefit

Hampstead School of Art (HSoA) encourages participation in and provides access to traditional Fine Art and Applied Art learning for everyone, at any age! The art school is committed to widening participation in intergenerational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice. HSoA also provides a range of spaces where artists can work and grow and where local communities can access art and creativity.

HSoA's work achieves high levels of economic, social and cultural impact by providing extensive resources that promote the advancement of art education which includes:

- a. Out-reach art classes: for community members who are unable to access the art school buildings
 - b. In-reach classes: for learners with complex difficulties and or mobility challenges
 - c. Our open-door policy: anyone with an interest in art can access art making
 - d. Supporting the homeless: HSoA offers aid via learning bursaries to people affected by homelessness
 - e. Bursary programme: Financial support for Foundation Courses and the Sir Frank Bowling and Lady Rachel Scott Bowling Bursaries and, the Mara Trust Printmaking Bursary which are awarded annually
 - f. A comprehensive programme of support for the local community is well established and includes many activities for the public, businesses and other small Charities. These include a range of annual activities such as openly available workshops at local festivals, art Fairs and community events, HSoA Exhibitions, the Hampstead Summer Festival and Art Fair Day which including local children's art competitions often exhibited at the festivals and The Art Street Mural Festival.
 - g. Free lectures and exhibitions are available to the local community and visitors.
 - h. Cultural spaces such as the HSoA Artist in Residence Programme.
-

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2023

c. Activities undertaken to achieve objectives

HSoA offers a comprehensive programme of termly day and evening classes, full time courses, workshops and exhibitions for students, visitors and the local community as well as a programme of free lectures and events.

d. Unleashing the artist in everyone

HSoA's success is based on our commitment to provide a wide range of fine art skills taught by practicing artists delivering specialist teaching in order to help develop individual abilities. Accessibility to all with an interest in art and applied art.

Our goal is to ensure that the art school:

- Provides a high standard of art learning from Family Classes to full time pre University and post University courses
- Offers bursaries irrespective of age, background or ability
- Delivers first-rate and a comprehensive range of fine art and applied art skills such as: drawing, painting, sculpture, printmaking, installation, digital art, film, performance and lens-based works, studio ceramics, mosaics, jewellery, brush and silk painting, portfolio building, pre-foundation, foundation diploma courses art exam support and advanced courses in fine art.

Achievements and performance

a. Main achievements of the Company

Growth: Since moving into the new premises, the number of students attending the school have grown significantly. The learning offer has expanded to meet the growing demand for a range of subjects and workshops for school children and families with pre-school children. There are approximately 2,500 learning places subscribed to yearly offered by the Art School

Inclusivity: HSoA's open-door policy endeavours to provide access to fine art and applied art learning for everyone. In-reach and outreach courses have been at the core of many successes in personal development by helping students reach their next step in higher education or lifelong learning. This has been achieved across a diverse student population irrespective of age, background, ability or experience.

Academic excellence: As HSoA's reputation grows our successes continue. We are proud that 100% of our Foundation students applying to university degrees achieve their goal, some remain to study HSoA's Advanced Course. Our teaching-artists exhibit around the world and receive accolades on a regular basis. **International reputation and partnerships:** HSoA

International reputation and partnerships: HSoA's International reputation and partnerships are growing as the Principal Isabel H Langtry leads the path in collaborating with international projects, appointing patrons and realising the making of internationally requested public sculptures, collaborates with scientists and artists in environmental and creative projects and publishing these results. Connections in Chile, China, Italy, Spain, Singapore, Bermuda, Indonesia, Istria, Saudi Arabia, Sharjah, Sweden, Holland, Austria and Australia, have been forged resulting in 6 highly acclaimed Patrons, Alan Gouk, Sir Frank Bowling, Francisco Gazitua MRSS, Dolorosa Sinaga, Lady Rachel Scott Bowling and Angela Lelible whose contributions to our art school learning is invaluable. The Principal lectures, judges and awards internationally, often invited to talk about the art schools aims and objectives.

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2023

HSoA publishing was established in 2012, this is a very active department of the art school which publishing approx. 3 main catalogues each year, introductions and essays written and edited by the principal who often provides the photography and collaborates with highly regarded centres such as The Resilience Research Centre of Stockholm University's Anthropocene Laboratory, Royal Swedish Academy of Sciences and The Wageningen University & Research Centre, Netherlands. The collaboration with artists and galleries is fundamental to the work and the catalogues have been requested by Hauser and Wirth Gallery, Make Gallery and the Tate Gallery to represent their own exhibitions.

b. Financial review

The preferred business model of Hampstead School of Art is to achieve independent financial stability by generating most of its income from tuition fees for traditional and contemporary Fine Art and Applied Art learning, Foundation and Advanced Courses. Although fundraising is conducted by the school, it is not dependent on grants or other external funding to maintain its day-to-day activities. Robust operational and financial policies, including generation and maintenance of significant cash reserves prior to COVID helped us to fulfil our goal of achieving long-term sustainability and financial security.

HSoA continues to invest in capital projects such as premises and IT upgrades to meet the demands of the expanding curriculum and the growth in student numbers. Investment in a high calibre management team and specialist tutors in an ever-expanding and exciting programme of classes supports this objective.

The results for the year show a surplus of £308,450 (2022: £82,181) after depreciation charge of £52,219. This surplus was mainly attributable to a one-off donation received in the year of £250,000 together with prudent financial management. The balance sheet shows net current assets or working capital of £256,604 (2022- net current liabilities £43,007). The net book value of tangible fixed assets held amounted to £1,441,917 (2022 - £1,487,321)

c. Investment policy and performance

The Art School is currently building up its reserves and all funds are used operationally. Our investment policy is to ensure funds that the Art School does not immediately need to cover anticipated expenditure, these are invested to maximise the Art Schools income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk.

d. Reserves policy

HSoA's reserves policy is based on continued operations of its activities and have identified to maintain free reserves equivalent to at least 6 months running cost to enable HSoA to meet its obligation in the shorter term and to cover any unforeseen deficits or revenue shortfalls.

Total funds at the balance sheet date were £1,134,106 (2022: £825,656) of which £370,462 (2022: £374,565) were restricted. Details of restricted funds are provided in note 20.

e. Financial risk management objectives and policies

The Trustees have assessed the major risks to which HSoA is exposed, in particular those relating to the operations and finances and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2023

f. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Plans for the future

Our goal to create a thriving art school underpinned by a permanent home has been realised. This has allowed HSoA to continue developing its robust financial growth, stimulate new initiatives, contribute to positive life change and continuing learning.

Social engagement: A key focus of the art school will be growth of HSoA's social engagement programme developed to inspire new and existing audiences to participate with art via studio, virtual and external engagement.

Bursary programme expansion: Expanding our internal scholarship/bursaries and community projects programmes for those with greater social or educational needs that would otherwise not be met is also a key objective.

Unleashing the Artist in Everyone: To provide additional programme and bursaries for a greater number of students and continue to 'Unleash the Artist in Everyone' by creating opportunities for any person, of any age, who comes to the school wishing to develop their creative abilities and understanding.

School Expansion: We aim to continue securing further premises in which to encourage artists/learners to create work that is accessible for the local community, create new performative spaces and further enrich the learning of our students.

International partnerships and reputation building: Our aim is to build on the success to date by deepening new connections and building new and exciting opportunities nationally and internationally.

Outreach: We aim to rebuild pre COVID partnerships which have been available for local community groups to undertake art classes.

Financial Security: In view of the current economic climate re cost-of-living crisis, HSoA will look at generating more funds to support students and to protect the financial security of the school.

Structure, governance and management.

a. Constitution

The company is registered as a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 January 1995, and is registered as a charity with the Charity Commission. The company, Hampstead School of Art (HSoA), operates as a traditional Fine Art and Applied Art community art education charity.

b. Methods of appointment or election of Trustees

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2023

The management of the company is the responsibility of the Trustees who are appointed by the Trustees at the Annual General Meeting in accordance with the Articles of Association. There must be at least two Trustees and not more than twelve individuals all of whom must be members.

The trustees have no beneficial interest in the school other than as members. The Trustees are also the directors of the school and as members are guaranteed to contribute £1 each in the event of winding up.

c. Organisational structure and decision-making policies

HSoA is administered by the Board of Trustees. Subcommittees meet regularly and full board meetings are termly. Day to day management and running of the Art School is delegated to Isabel H Langtry, the Principal, appointed in 2011. The Principal makes decisions in accordance with Board policy and Hampstead School of Art Business Plan developed to meet the school strategic objectives set out by the Board of Trustees together with the Principal.

d. Policies adopted for the induction and training of Trustees

Training on HSoA policies and procedures for new Trustees is provided, where necessary, by the existing Trustees, the Principal and the Executive Bursar.

e. Staff and remuneration policy

HSoA continues to operate with a relatively small number of dedicated and skilled core staff, augmented by a larger network of freelance tutors. HSoA is committed to paying staff fairly for the work that they do, whilst recognising that the charity operates with limited financial resources.

The remuneration and benefits of HSoA senior management team are decided by the Trustees, on the recommendation of the finance committee, taking account of market rates and achievements of performance objectives.

f. Related Party

None of the Trustees receive any remuneration or benefits for work on behalf of the school. Any contractual arrangements with Trustees need to be disclosed in the notes to the financial statements.

The Hampstead School of Art

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 August 2023

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting 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.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006. 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.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on 07/08/24 and signed on behalf of the board of trustees by: 

The auditors, Brian Paul Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Julia Simpson
Trustee

The Hampstead School of Art

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Hampstead School of Art

Year ended 31 August 2023

Opinion

We have audited the financial statements of The Hampstead School of Art (the 'charity') for the year ended 31 August 2023 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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 Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

The Hampstead School of Art

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Hampstead School of Art *(continued)*

Year ended 31 August 2023

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

The Hampstead School of Art

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Hampstead School of Art *(continued)*

Year ended 31 August 2023

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

The Hampstead School of Art

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Hampstead School of Art (continued)

Year ended 31 August 2023

Auditor's responsibilities for the audit of the financial statements

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

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 extent to which the audit was considered capable of detecting irregularities including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Charities Act 2011, UK Taxes Acts, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
 - tested journal entries to identify unusual transactions;
 - investigated the rationale behind significant or unusual transactions; and
-

The Hampstead School of Art

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Hampstead School of Art (continued)

Year ended 31 August 2023

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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 purpose of expressing an opinion on the effectiveness of the 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 auditor's 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 auditor's 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.
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The Hampstead School of Art

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Hampstead School of Art *(continued)*

Year ended 31 August 2023

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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Phillips (Senior Statutory Auditor)

**For and on behalf of
Brian Paul Limited
Chartered Accountants & Statutory Auditors
Chase Green House
42 Chase Side
Enfield
Middlesex
EN2 6NF**

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The Hampstead School of Art

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 August 2023

		Unrestricted funds £	2023 Restricted funds £	Total funds £	2022 Total funds £
Income and endowments	Note				
Donations and legacies	5	283,474	–	283,474	28,774
Charitable activities	6	908,000	–	908,000	915,661
Other trading activities	7	91,756	–	91,756	72,584
Investment income	8	1,641	–	1,641	27
Total income		<u>1,284,871</u>	<u>–</u>	<u>1,284,871</u>	<u>1,017,046</u>
Expenditure					
Expenditure on charitable activities	9,10	972,318	4,103	976,421	934,865
Total expenditure		<u>972,318</u>	<u>4,103</u>	<u>976,421</u>	<u>934,865</u>
Net income / (expenditure) and net movement in funds		<u>312,553</u>	<u>(4,103)</u>	<u>308,450</u>	<u>82,181</u>
Reconciliation of funds					
Total funds brought forward		<u>451,091</u>	<u>374,565</u>	<u>825,656</u>	<u>743,475</u>
Total funds carried forward		<u>763,644</u>	<u>374,565</u>	<u>1,134,106</u>	<u>825,656</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 17 to 27 form part of these financial statements.

The Hampstead School of Art

Company Limited by Guarantee

Statement of Financial Position

31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible fixed assets	15	1,441,917	1,487,322
Current assets			
Debtors	16	17,430	76,891
Cash at bank and in hand		618,864	268,836
		<u>636,294</u>	<u>345,727</u>
Creditors: amounts falling due within one year	17	<u>379,690</u>	<u>388,734</u>
Net current assets		<u>256,604</u>	<u>(43,007)</u>
Total assets less current liabilities		1,698,521	1,444,315
Creditors: amounts falling due after more than one year	18	<u>564,415</u>	<u>618,659</u>
Net assets		<u>1,134,106</u>	<u>825,656</u>
Funds of the charity			
Restricted funds		370,462	374,565
Unrestricted funds		<u>763,644</u>	<u>451,091</u>
Total charity funds	20	<u>1,134,106</u>	<u>825,656</u>

These financial statements were approved by the board of trustees and authorised for issue on 07/08/24, and are signed on behalf of the board by:



Julia Simpson
Trustee

The notes on pages 17 to 27 form part of these financial statements.

The Hampstead School of Art

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 August 2023

	2023 £	2022 £
Cash flows from operating activities		
Net income	308,450	82,181
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	52,219	59,303
Government grant income	–	(3,614)
Other interest receivable and similar income	(1,641)	(27)
Interest payable and similar charges	21,874	22,990
Accrued (income)/expenses	(47,031)	61,357
<i>Changes in:</i>		
Trade and other debtors	59,461	(51,336)
Trade and other creditors	15,754	(70,265)
Cash generated from operations	409,086	100,589
Interest paid	(21,874)	(22,990)
Interest received	1,641	27
Net cash from operating activities	<u>388,853</u>	<u>77,626</u>
Cash flows from investing activities		
Purchase of tangible assets	(6,814)	–
Net cash used in investing activities	<u>(6,814)</u>	<u>–</u>
Cash flows from financing activities		
Proceeds from borrowings	(32,011)	(80,929)
Government grant income	–	3,614
Net cash used in financing activities	<u>(32,011)</u>	<u>(77,315)</u>
Net increase in cash and cash equivalents	350,028	311
Cash and cash equivalents at beginning of year	<u>268,836</u>	<u>268,525</u>
Cash and cash equivalents at end of year	<u>618,864</u>	<u>268,836</u>

The notes on pages 17 to 27 form part of these financial statements.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 August 2023

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 2 Penrose Gardens, London, NW3 7BF, England

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

The Hampstead School of Arts meet the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling rounded to the nearest pound, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. 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. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and assumptions:

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes. Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- Student fees represent tuition and other fees due and are accounted for on an accruals basis.
- Deferred income represents students fees received in relation to tuition provided in the following year.
- Bank interest and other income is accounted for on an accruals basis.
- Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.
- Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Resources expended

Expenditure is recognised on once there is a legal or constructive obligation to transfer economic benefit to a third party. It is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

3. Accounting policies *(continued)*

Going concern

The School meets its day to day working capital requirements through the utilisation of its own funds and a bank loan relating to the acquisition of the freehold. The School incurred a surplus in the year of £308,450 and as at the balance sheet date was showing a bank balance of £618,864 and net current assets of £256,604.

The trustees have prepared updated forecasts and projections based on a number of potential scenarios and these, together with reserves held and cost savings made indicate that the School has adequate resources to continue its operations.

After reviewing the forecasts and projections, at the time of approving these financial statements the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the next 12 months. The trustees therefore consider it appropriate to continue to adopt the going concern basis in preparing the charity's financial statements.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	2% straight line
Furniture Fixtures & Equipment	-	25% reducing balance

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

3. Accounting policies *(continued)*

Financial Instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Operating leases

Rental paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Pension

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the Company to the fund in respect of the year.

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

4. Limited by guarantee

The company is registered as a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 January 1995, and is registered as a charity with the Charity Commission. In the event of being wound up, the liability in respect of the guarantee is limited to £1 per member of the company

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Donations and legacies	283,474	283,474	25,160	25,160
Government grant income	—	—	3,614	3,614
	<u>283,474</u>	<u>283,474</u>	<u>28,774</u>	<u>28,774</u>

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Tuition fees and other income	<u>908,000</u>	<u>—</u>	<u>908,000</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tuition fees and other income	<u>912,461</u>	<u>3,200</u>	<u>915,661</u>

7. Other trading activities

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Cafe income	42,549	42,549	42,781	42,781
Gallery exhibition income	15,438	15,438	10,600	10,600
Miscellaneous sales	33,769	33,769	19,203	19,203
	<u>91,756</u>	<u>91,756</u>	<u>72,584</u>	<u>72,584</u>

8. Investment income

	Unrestricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Total Funds 2022 £
Bank interest	<u>1,641</u>	<u>1,641</u>	<u>27</u>	<u>27</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Direct costs	368,902	–	368,902
Café costs	41,728	–	41,728
Exhibition costs	20,082	–	20,082
Support costs	541,606	4,103	545,709
	<u>972,318</u>	<u>4,103</u>	<u>976,421</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Direct costs	345,015	–	345,015
Café costs	42,008	–	42,008
Exhibition costs	14,977	–	14,977
Support costs	524,194	8,671	532,865
	<u>926,194</u>	<u>8,671</u>	<u>934,865</u>

10. Expenditure on charitable activities

Analysis of direct costs

	2023 £	2022 £
Purchases of materials	29,033	25,486
Wages and salaries	300,588	282,001
Models	35,608	34,705
Computer expenses	540	518
Advertising	3,133	2,305
	<u>368,902</u>	<u>345,015</u>

Activities undertaken directly

Exhibition costs	<u>20,082</u>	<u>14,977</u>
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Analysis of support costs

Wages/salaries	287,132	293,106
Rent	43,699	38,105
Light & heat	7,654	8,059
Repairs, maintenance & cleaning	56,729	31,433
Insurance	4,974	4,595
Computer expenses	12,441	12,010
Travelling expenses	4,888	4,646
Audit fees	4,800	9,760
Legal and other professional fees	7,116	6,567
Bank charges	17,733	16,576
Telephone	2,507	2,517
Printing, postage and stationery	6,660	7,328
Depreciation	52,219	59,302
Mortgage interest	21,874	22,990
Sundry expenses	15,283	15,871
	<u>545,709</u>	<u>532,865</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

11. Net income

Net income is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation of tangible fixed assets	52,219	59,303

12. Auditors remuneration

	2023	2022
	£	£
Fees payable for the audit of the financial statements	4,800	9,760

13. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2023	2022
	£	£
Wages and salaries	565,539	594,276
Social security costs	31,524	32,121
Contribution to defined contribution pension schemes	9,428	7,212
	<u>606,491</u>	<u>594,276</u>

The average number of full-time equivalent employees during the year is analysed as follows:

	2023	2022
	No.	No.
Number of staff	<u>26</u>	<u>27</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2023	2022
	No.	No.
£60,000 to £69,999	1	–
£80,000 to £89,999	1	1
	<u>2</u>	<u>1</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

13. Staff costs *(continued)*

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £196,684 (2022: £187,420).

14. Trustee remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31st August 2023, no Trustee expenses have been incurred (2022 - £NIL).

15. Tangible fixed assets

	Long leasehold property £	Equipment £	Total £
Cost			
At 1 September 2022	1,523,661	281,182	1,804,843
Additions	–	6,814	6,814
At 31 August 2023	<u>1,523,661</u>	<u>287,996</u>	<u>1,811,657</u>
Depreciation			
At 1 September 2022	159,997	157,524	317,521
Charge for the year	30,967	21,252	52,219
At 31 August 2023	<u>190,964</u>	<u>178,776</u>	<u>369,740</u>
Carrying amount			
At 31 August 2023	<u>1,332,697</u>	<u>109,220</u>	<u>1,441,917</u>
At 31 August 2022	<u>1,363,664</u>	<u>123,658</u>	<u>1,487,322</u>

16. Debtors

	2023 £	2022 £
Trade debtors	9,221	56,640
Prepayments and accrued income	2,252	19,609
Other debtors	5,957	642
	<u>17,430</u>	<u>76,891</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

17. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loans	53,884	31,651
Trade creditors	23,284	10,025
Accruals and deferred income	282,898	329,929
Social security and other taxes	12,184	9,867
Other creditors	7,440	7,262
	<u>379,690</u>	<u>388,734</u>

18. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Bank loans	<u>564,415</u>	<u>618,659</u>

The loan from HSBC to assist in funding the purchase of the 999 year lease, is repayable over 20 years completing in 2038. Interest is to be charged at approximately 4% per annum for the duration of the loan.

The bank loan is secured by a fixed and floating charged over all of the company's assets.

19. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2023	2022
	£	£
Recognised in income from donations and legacies:		
Government grants income	<u>—</u>	<u>3,614</u>

20. Analysis of charitable funds

Unrestricted funds

	At 1 September 2022	Income £	Expenditure £	At 31 August 2023
General funds	<u>451,091</u>	<u>1,284,871</u>	<u>(972,318)</u>	<u>763,644</u>

	At 1 September 2021	Income £	Expenditure £	At 31 August 2022
General funds	<u>363,439</u>	<u>1,013,846</u>	<u>(926,194)</u>	<u>451,091</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 August 2023

20. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 September 2022 £	Income £	Expenditure £	At 31 August 2023 £
Restricted fund	358,154	–	–	358,154
London Borough of Camden	16,411	–	(4,103)	12,308
	<u>374,565</u>	<u>–</u>	<u>(4,103)</u>	<u>370,462</u>

	At 1 September 2021 £	Income £	Expenditure £	At 31 August 2022 £
Other funds (contribution to salaries)	–	3,200	(3,200)	–
London Borough of Camden	21,882	–	(5,471)	16,411
Restricted fund	358,154	–	–	358,154
	<u>380,036</u>	<u>3,200</u>	<u>(8,671)</u>	<u>374,565</u>

The London Borough of Camden Grant relates to a government grant received with a restriction that it is spent on the purchase of fixed assets. At the reporting date it had been spent in full and the restricted expenditure relates to depreciation.

21. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Tangible fixed assets	1,071,455	370,462	1,441,917
Current assets	636,294	–	636,294
Creditors less than 1 year	(379,690)	–	(379,690)
Creditors greater than 1 year	(564,415)	–	(564,415)
Net assets	<u>763,644</u>	<u>370,462</u>	<u>1,134,106</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	1,112,757	374,565	1,487,322
Current assets	345,727	–	345,727
Creditors less than 1 year	(388,734)	–	(388,734)
Creditors greater than 1 year	(618,659)	–	(618,659)
Net assets	<u>451,091</u>	<u>374,565</u>	<u>825,656</u>

The Hampstead School of Art

Company Limited by Guarantee

Notes to the Detailed Statement of Financial Activities

Year ended 31 August 2023

22. Analysis of changes in net debt

	At 1 Sep 2022	Cash flows	At 31 Aug 2023
	£	£	£
Cash at bank and in hand	268,836	350,028	618,864
Debt due within one year	(31,651)	(22,233)	(53,884)
Debt due after one year	(618,659)	54,244	(564,415)
	<u>(381,474)</u>	<u>382,039</u>	<u>565</u>

23. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independent administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £9,428 (2022: £7,815). Contributions totalling £2,139 (2022: £2,250) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 August 2023 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
	£	£
Not later than 1 year	35,596	21,337
Later than 1 year and not later than 5 years	96,425	58,158
Later than 5 years	16,000	39,444
	<u>148,602</u>	<u>118,939</u>

25. Related party transactions

At the balance sheet date, the charity owed £nil (2022: £1,176) to a former trustee. This loan is interest free and repayable in full by 31 October 2023.

THE HAMPSTEAD SCHOOL OF ART

England & Wales - Charity number 1072327

Accounts

Registered number: 03015275
Charity number: 1072327

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

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THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022

Trustees	Julia Simpson, Chair (appointed 17 February 2022) Reginald Boorer, Vice Chair Cynthia Barlow OBE Robert Goodall, Treasurer Nicolette Aubury Wendy MacKinnon (appointed 2 August 2022)
Company registered number	03015275
Charity registered number	1072327
Registered office	2 Penrose Gardens London England NW3 7BF
Patrons	Sir Frank Bowling OBE, RA Alan Gouk Francisco Gazitua MRSS Dolores Sinaga Rachel Bowling Angela Leible
Independent auditors	Nyman Libson Paul LLP Chartered Accountants Statutory Auditors 124 Finchley Road London NW3 5JS

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report together with the audited financial statements of the The Hampstead School of Art for the year 1 September 2021 to 31 August 2022. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Objectives

Community, inclusivity and self-expression drive our culture. Hampstead School of Art is committed to widening participation in inter-generational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Public benefit

Hampstead School of Art (HSoA) encourages participation in and provides access to traditional Fine Art and Applied Art education for everyone, at any age! The school is committed to widening participation in intergenerational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice. HSoA also provides spaces where artists can work and grow and where local communities can access art and creativity.

HSoA's work achieves high levels of economic, social and cultural impact by providing extensive resources that promote the advancement of art education which includes:

- a. Out-reach art classes: for community members who are unable to access the art school buildings
- b. In-reach classes: for learners with complex difficulties or mobility challenges
- c. Our open-door policy: anyone with an interest in art can access art making
- d. Supporting the homeless: HSoA offers aid to people affected by homelessness
- e. Bursary programme: Financial support for Foundation Courses and the Sir Frank Bowling and Lady Rachel Scott Bowling Bursaries which are awarded annually
- f. A comprehensive programme of support for the local community is well established and includes many activities for both the public and businesses. These include a range of annual activities; free workshops at local festivals, art fairs and events, the HSoA annual Exhibition, the Hampstead Summer Festival and Art Fair Day which includes two annual local children's art competitions publicly displayed at the festivals
- g. Free lectures and exhibitions are available to the local community
- h. Open Air cultural spaces such as the HSoA Artist in Residence Programme

c. Activities undertaken to achieve objectives

HSoA offers a comprehensive programme of termly day and evening classes, full time courses, workshops and exhibitions for students, visitors and the local community as well as a programme of free lectures and events.

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

Objectives and activities (continued)

d. Unleashing the artist in everyone

HSoA's success is based on our commitment to provide a wide range of fine art skills taught by practicing artists delivering specialist teaching in order to help develop individual abilities. Accessibility to all with an interest in art and applied art is our goal ensuring the school:

- Provides a high standard of art education from Family Classes to full time Foundation courses
- Offers scholarships irrespective of age, background or ability
- Delivers first-rate and comprehensive range of fine art and applied art such as: drawing, painting, sculpture, printmaking, installation, digital art, film, performance and lens-based works, studio ceramics, mosaics, jewellery and silk painting, portfolio building, pre-foundation, foundation diploma courses and advanced courses in fine art.

Achievements and performance

a. Main achievements of the Company

Growth: Since moving into our new premises the number of students attending the school has grown significantly prior to COVID. The curriculum has expanded to meet the growing demand for a range of subjects and classes for school children and families.

Inclusivity: HSoA's open-door policy endeavours to provide access to art and fine art learning for everyone. In-reach and outreach courses have been at the core of many successes in personal development by helping students reach their next step in higher education or lifelong learning. This has been achieved across a diverse student population irrespective of age, background ability or experience.

Academic excellence: As HSoA's reputation grows our successes continue. We are proud that 100% of our Foundation students applying to university degrees achieve their goal, some remain to study HSoA's Advanced Course. Our teaching-artists exhibit around the world and receive accolades on a regular basis.

International reputation and partnerships: HSoA International reputation and partnerships are growing as the Principal Isabel H Langtry leads the creative path to find new collaborations and patrons. Connections in Chile, China, Italy, Spain, Singapore, Indonesia, and Saudi Arabia have been forged resulting in 2 new Patrons being appointed, collaborative programmes created, and public sculptures exhibited. HSoA are fortunate to have 6 internationally renowned artist-patrons and the contribution they make to the learning and education programmes of the school is invaluable.

HSoA publishing is very active and publishes approx. 3 catalogues each year with The Sir Frank Bowling catalogue available through Tate Bookshops.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Achievements and performance (continued)

b. Financial review

The preferred business model of Hampstead School of Art is to achieve independent financial viability by generating most of its income from tuition fees for traditional and contemporary Fine Art and Applied Art learning, Foundation and Advanced Courses. Although fundraising is conducted by the school, it is not dependent on grants or other external funding to maintain its day-to-day activities. Robust operational and financial policies, including generation and maintenance of significant cash reserves prior to COVID helped us to fulfil our goal of achieving long-term sustainability and financial security.

HSoA continues to invest in capital projects such as premises and IT upgrades to meet the demands of and expanding curriculum and the growth in student numbers. Investment in a high calibre management team and specialist tutors in an ever-expanding and exciting programme of classes has supported this. The results for the year show a surplus of £82,181 (2021: £63,983) which was attributable prudent financial management and growth in children's workshop.

c. Investment policy and performance

The School is currently building up its reserves and all funds are used operationally. Any excess funds not required for immediate use will be applied against the outstanding loans.

d. Reserves policy

HSoA's reserves policy is based on continued operations of its activities and have identified to maintain free reserves equivalent to at least 6 months running cost to enable HSoA to meet its obligation in the shorter term and to cover any unforeseen deficits or revenue shortfalls.

Total funds at the balance sheet date were £825,656 (2021: £743,475) of which £374,565 (2021: £380,036) were restricted. Details of restricted funds are provided in note 18.

e. Financial risk management objectives and policies

The Trustees have assessed the major risks to which HSoA is exposed, in particular those relating to the operations and finances and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

Achievements and performance (continued)

f. Plans for the future

Our goal to create a thriving art school underpinned by a permanent home has been realised. This has allowed HSoA to continue developing its robust financial growth, stimulate new initiatives, contribute to positive life change and continuing learning.

Social engagement: A key focus of the art school will be growth of HSoA's social engagement programme developed to inspire new and existing audiences to participate with art via studio, virtual and external engagement.

Bursary programme expansion: Expanding our internal scholarship/bursaries and community projects programmes for those with greater social or educational needs that would otherwise not be met is also a key objective.

Unleashing the Artist in Everyone: To provide additional programme and bursaries for a greater number of students and continue to 'Unleash the Artist in Everyone' by creating opportunities for any person, of any age, who comes to the school wishing to develop their creative abilities and understanding.

School Expansion: We aim to continue securing further premises in which to encourage artists/learners to create work that is accessible for the local community, create new performative spaces and further enrich the learning of our students.

International partnerships and reputation building: Our aim is to build on the success to date by deepening new connections and building new and exciting opportunities nationally and internationally.

Outreach: We aim to rebuild pre COVID partnerships which have been available for local community groups to undertake art classes.

Financial Security: In view of the current economic climate re cost of living crisis, HSoA will look at generating more funds to support students and to protect the financial security of the school.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Structure, governance and management

a. Constitution

The company is registered as a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 January 1995, and is registered as a charity with the Charity Commission. The company, Hampstead School of Art (HSoA), operates as a traditional Fine Art and Applied Art community education charity.

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022**

Structure, governance and management (continued)

b. Methods of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are appointed by the Trustees at the Annual General Meeting in accordance with the Articles of Association. There must be at least two Trustees and not more than twenty individuals all of whom must be members.

c. Organisational structure and decision-making policies

HSoA is administered by the Board of Trustees. Subcommittees meet regularly and full board meetings are termly. Day to day management and running of the Art School is delegated to Isabel H Langtry, the Principal. The Principal makes decisions in accordance with Board policy and the Hampstead School of Art Business Plan developed annually to meet the school strategic objectives set out by the Board of Trustees and the Principal.

d. Policies adopted for the induction and training of Trustees

Training on HSoA policies and procedures for new Trustees is provided, where necessary, by the existing Trustees, the Principal and the Executive Bursar.

e. Staff and remuneration policy

HSoA continues to operate with a relatively small number of dedicated and skilled core staff, augmented by a larger network of freelance tutors. HSoA is committed to paying staff fairly for the work that they do, whilst recognising that the charity operates with limited financial resources.

The remuneration and benefits of HSoA senior management team are decided by the Trustees, on the recommendation of the finance committee, taking account of market rates and achievements of performance objectives.

Future Prospects for HSoA

Though certainly unwelcome, the 'stress test' provided by the challenge of the Covid-19 pandemic has illustrated that HSoA has been managed successfully to be a resilient and resourceful organisation. We believe that these qualities will enable HSoA to thrive in the future once the pandemic has been negotiated.

To date we are in line with our forecast of 2022, despite the class sizes being limited by social distancing.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Nyman Libson Paul LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on
and signed on their behalf by:



24 May 2023

Isabel H Langtry
Secretary to the Board of Trustees

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HAMPSTEAD SCHOOL OF ART

Opinion

We have audited the financial statements of The Hampstead School of Art (the 'charitable company') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 charitable company'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.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HAMPSTEAD SCHOOL OF ART
(CONTINUED)

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. 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 this gives rise to 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HAMPSTEAD SCHOOL OF ART
(CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HAMPSTEAD SCHOOL OF ART
(CONTINUED)

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

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:

We gained an understanding of the legal and regulatory framework applicable to the charity and the industry in which it operates, and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that 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.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Charities Act 2011 and Companies Act 2006. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Other matters

The financial statements of the company for the year ended 31 August 2021 were not audited and accordingly the corresponding figures and the comparative financial statements are unaudited.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HAMPSTEAD SCHOOL OF ART
(CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jennifer Pope (Senior Statutory Auditor)

for and on behalf of

Nyman Libson Paul LLP

Chartered Accountants

Statutory Auditors

124 Finchley Road

London

NW3 5JS

Date: 24 May 2023

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	28,774	-	28,774	179,959
Charitable activities	5	912,461	3,200	915,661	731,328
Other trading activities	6	72,584	-	72,584	51,206
Investments	7	27	-	27	10
Total income		1,013,846	3,200	1,017,046	962,503
Expenditure on:					
Raising funds	8	56,985	-	56,985	20,601
Charitable activities	9	869,209	8,671	877,880	877,919
Total expenditure		926,194	8,671	934,865	898,520
Net movement in funds		87,652	(5,471)	82,181	63,983
Reconciliation of funds:					
Total funds brought forward		363,439	380,036	743,475	679,492
Net movement in funds		87,652	(5,471)	82,181	63,983
Total funds carried forward		451,091	374,565	825,656	743,475

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

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03015275

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	1,487,322	1,546,625
		<u>1,487,322</u>	<u>1,546,625</u>
Current assets			
Debtors	14	76,891	25,555
Cash at bank and in hand		268,836	268,525
		<u>345,727</u>	<u>294,080</u>
Creditors: amounts falling due within one year	15	(388,734)	(395,688)
		<u>(43,007)</u>	<u>(101,608)</u>
Net current liabilities		<u>(43,007)</u>	<u>(101,608)</u>
Total assets less current liabilities		<u>1,444,315</u>	<u>1,445,017</u>
Creditors: amounts falling due after more than one year	16	(618,659)	(701,542)
Total net assets		<u><u>825,656</u></u>	<u><u>743,475</u></u>
Charity funds			
Restricted funds	18	374,565	380,036
Unrestricted funds	18	451,091	363,439
Total funds		<u><u>825,656</u></u>	<u><u>743,475</u></u>

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03015275**

**BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022**

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees on
and signed on their behalf by:

24 May 2023



Julia Simpson
(Trustee)

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

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	2022 £	2021 £
Cash flows from operating activities		
Net cash used in operating activities	81,213	143,057
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	27	10
Purchase of tangible fixed assets	-	(45,604)
	<hr/>	<hr/>
Net cash provided by/(used in) investing activities	27	(45,594)
	<hr/>	<hr/>
Cash flows from financing activities		
Cash inflows from new borrowing	-	50,000
Repayments of bank loan	(30,929)	(24,989)
Repayments of other loan	(50,000)	(50,000)
	<hr/>	<hr/>
Net cash used in financing activities	(80,929)	(24,989)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	311	72,474
Cash and cash equivalents at the beginning of the year	268,525	196,051
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>268,836</u>	<u>268,525</u>

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

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. General information

The company is a company limited by guarantee and incorporated in England. The address of its registered office and principal place of business is 2 Penrose Gardens, Kidderpore Green, London, NW3 7BF. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Hampstead School of Art meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The School meets its day to day working capital requirements through the utilisation of its own funds and a bank loan relating to the acquisition of the freehold. The School incurred a surplus in the year of £82,181 and as at the balance sheet date was showing a bank balance of £268,836 and net current liabilities of £43,007.

The trustees have prepared updated forecasts and projections based on a number of potential scenarios and these, together with reserves held and cost savings made indicate that the School has adequate resources to continue its operations. The charity has made significant surpluses in the current and previous years and due to a large exceptional donation in the next financial year, anticipates returning to a net current asset position.

After reviewing the forecasts and projections, at the time of approving these financial statements the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the next 12 months. The trustees therefore consider it appropriate to continue to adopt the going concern basis in preparing the charity's financial statements.

2.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Student fees represent tuition and other fees due and are accounted for on an accruals basis.

Deferred income represents students fees received in relation to tuition provided in the following year.

Bank interest and all other income is accounted for on an accruals basis.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

2.6 Government grants

Government grants relating to tangible fixed assets are treated as unspent restricted income and have restricted depreciation charged to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	25% reducing balance
Office equipment	-	25% reducing balance

2.8 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.12 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.13 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

3. Critical accounting estimates and areas of judgment

The Company makes estimates and assumptions concerning the future. 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. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and assumptions:

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	25,160	-	25,160	46,111
Government Grants	3,614	-	3,614	133,848
	<u>28,774</u>	<u>-</u>	<u>28,774</u>	<u>179,959</u>
Total 2021	<u>150,783</u>	<u>29,176</u>	<u>179,959</u>	

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

5. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Tuition fees and other income	912,461	3,200	915,661	731,328
Total 2021	731,328	-	731,328	

6. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Cafe income	42,781	42,781	20,413
Gallery exhibition income	10,600	10,600	4,577
Miscellaneous sales	19,203	19,203	26,216
	72,584	72,584	51,206
Total 2021	51,206	51,206	

7. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Bank interest	27	27	10
Total 2021	10	10	

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

8. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Cafe costs (general)	22,839	22,839	14,277
Exhibition costs	14,977	14,977	1,719
Cafe costs (wages)	19,169	19,169	4,605
	<u>56,985</u>	<u>56,985</u>	<u>20,601</u>
Total 2021	<u>20,601</u>	<u>20,601</u>	

9. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Total charitable expenditure	<u>345,015</u>	<u>532,865</u>	<u>877,880</u>	<u>877,919</u>
Total 2021	<u>314,244</u>	<u>563,675</u>	<u>877,919</u>	

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2022 £	Total funds 2021 £
Wages and salaries	282,001	261,794
Models	34,705	22,918
Advertising	2,305	4,480
Computer expenses	518	564
Purchases of materials	25,486	24,488
	<hr/> 345,015 <hr/>	<hr/> 314,244 <hr/>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	293,106	293,106	338,923
Audit and accountancy fees	9,760	9,760	6,630
Insurance	4,595	4,595	4,415
Telephone and fax	2,517	2,517	2,444
Printing, postage and stationery	7,328	7,328	5,008
Travelling expenses	4,646	4,646	3,820
Rent and rates	38,105	38,105	38,690
Repairs, maintenance and cleaning	31,433	31,433	20,332
Legal and professional fees	6,567	6,567	2,880
Bank charges	16,576	16,576	14,765
Sundry expenses	15,871	15,871	18,696
Computer expenses	12,010	12,010	11,679
Light and heat	8,059	8,059	6,489
Mortgage interest	22,990	22,990	23,975
Depreciation	59,302	59,302	64,929
	<u>532,865</u>	<u>532,865</u>	<u>563,675</u>
Total 2021	<u>563,675</u>	<u>563,675</u>	

10. Auditors' remuneration

The auditors' remuneration amounts to an auditor fee of £7,000 (2021 - £ -), and independent examination fee of £ - (2021 - £3,500).

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

11. Staff costs

	2022 £	2021 £
Wages and salaries	551,380	565,989
Social security costs	35,081	32,121
Contribution to defined contribution pension schemes	7,815	7,212
	<u>594,276</u>	<u>605,322</u>

The average number of persons employed by the Company during the year was as follows:

	2022 No.	2021 No.
Total employees	<u>27</u>	<u>32</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022 No.	2021 No.
In the band £80,001 - £90,000	1	1

Key management personnel remuneration for the year was £187,420 (2021: £245,896).

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

13. Tangible fixed assets

	Long-term leasehold property £	Office equipment £	Total £
Cost or valuation			
At 1 September 2021	1,523,661	281,182	1,804,843
At 31 August 2022	<u>1,523,661</u>	<u>281,182</u>	<u>1,804,843</u>
Depreciation			
At 1 September 2021	129,030	129,188	258,218
Charge for the year	30,967	28,336	59,303
At 31 August 2022	<u>159,997</u>	<u>157,524</u>	<u>317,521</u>
Net book value			
At 31 August 2022	<u><u>1,363,664</u></u>	<u><u>123,658</u></u>	<u><u>1,487,322</u></u>
At 31 August 2021	<u><u>1,394,631</u></u>	<u><u>151,994</u></u>	<u><u>1,546,625</u></u>

14. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	56,640	20,260
Other debtors	642	558
Prepayments and accrued income	19,609	4,737
	<u>76,891</u>	<u>25,555</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	31,651	29,697
Trade creditors	10,025	27,064
Other taxation and social security	9,867	12,330
Other creditors	7,262	58,025
Accruals and deferred income	329,929	268,572
	<u>388,734</u>	<u>395,688</u>

16. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans	618,659	651,542
Other loans	-	50,000
	<u>618,659</u>	<u>701,542</u>

The loan from HSBC to assist in funding the purchase of the 999 year lease, is repayable over 20 years finishing in 2038. Interest is to be charged at approximately 4% per annum for the duration of the loan.

The bank loan is secured by a fixed and floating charge over all of the company's assets.

17. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>268,836</u>	<u>268,525</u>
	2022 £	2021 £
Financial liabilities		
Financial liabilities measured at fair value through income and expenditure	<u>(665,278)</u>	<u>(813,246)</u>

Financial assets measured at fair value through income and expenditure comprise of bank balances.

Financial liabilities measured at fair value through income and expenditure comprise of loans and creditors due.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

18. Statement of funds

Statement of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Balance at 31 August 2022 £
Unrestricted funds				
General Funds - all funds	363,439	1,013,846	(926,194)	451,091
Restricted funds				
Building Fund	358,154	-	-	358,154
London Borough of Camden	21,882	-	(5,471)	16,411
Other funds (contribution to salaries)	-	3,200	(3,200)	-
	<u>380,036</u>	<u>3,200</u>	<u>(8,671)</u>	<u>374,565</u>
Total of funds	<u><u>743,475</u></u>	<u><u>1,017,046</u></u>	<u><u>(934,865)</u></u>	<u><u>825,656</u></u>

The London Borough of Camden Grant relates to a government grant received with the restriction that it is spent on the purchase of fixed assets. At the reporting date it had been spent in full and the restricted expenditure relates to depreciation.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2020 £	Income £	Expenditure £	Balance at 31 August 2021 £
Unrestricted funds				
General Funds - all funds	321,338	933,327	(891,226)	363,439
Restricted funds				
Building Fund	358,154	-	-	358,154
London Borough of Camden	-	29,176	(7,294)	21,882
	<u>358,154</u>	<u>29,176</u>	<u>(7,294)</u>	<u>380,036</u>
Total of funds	<u><u>679,492</u></u>	<u><u>962,503</u></u>	<u><u>(898,520)</u></u>	<u><u>743,475</u></u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	1,112,757	374,565	1,487,322
Current assets	345,727	-	345,727
Creditors due within one year	(388,734)	-	(388,734)
Creditors due in more than one year	(618,659)	-	(618,659)
Total	<u><u>451,091</u></u>	<u><u>374,565</u></u>	<u><u>825,656</u></u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	1,166,589	380,036	1,546,625
Current assets	294,080	-	294,080
Creditors due within one year	(395,688)	-	(395,688)
Creditors due in more than one year	(701,542)	-	(701,542)
Total	<u>363,439</u>	<u>380,036</u>	<u>743,475</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	82,181	63,983
Adjustments for:		
Depreciation charges	59,302	64,929
Dividends, interests and rents from investments	(27)	(10)
Increase in debtors	(51,336)	(4,148)
Increase/(decrease) in creditors	(8,907)	18,303
Net cash provided by operating activities	<u>81,213</u>	<u>143,057</u>

21. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	268,836	268,525
Total cash and cash equivalents	<u>268,836</u>	<u>268,525</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22. Analysis of changes in net debt

	At 1 September 2021	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	268,525	311	268,836
Debt due within 1 year	(29,697)	(1,954)	(31,651)
Debt due after 1 year	(701,542)	82,883	(618,659)
	<u>(462,714)</u>	<u>81,240</u>	<u>(381,474)</u>

23. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £7,815 (2021 - £7,212). Contributions totalling £2,250 (2021 - £3,013) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 August 2022 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	21,337	21,337
Later than 1 year and not later than 5 years	58,158	58,158
Later than 5 years	39,444	60,781
	<u>118,939</u>	<u>140,276</u>

25. Related party transactions

At the balance sheet date, the charity owed £1,176 (2020: £51,176) to a former trustee. This loan is interest free and repayable in full by 31 October 2022. During the year the Charity purchased goods and services of £Nil (2021: £8,280) from Aubury & Associates Limited, a company controlled by N Aubury, a trustee of the charity.

THE HAMPSTEAD SCHOOL OF ART

England & Wales - Charity number 1072327

Accounts

Registered number: 03015275
Charity number: 1072327

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

UNAUDITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

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THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021

Trustees Angela Franklin, Chair (resigned 29 October 2020)
 Julia Simpson, Chair (appointed 11 March 2021)
 Reginald Boorer, Vice Chair
 Cynthia Barlow OBE
 Robert Goodall, Treasurer
 Nicolette Aubury

Company registered
number 03015275

Charity registered
number 1072327

Registered office 2 Penrose Gardens
 London
 England
 NW3 7BF

Patrons Sir Frank Bowling OBE, RA
 Alan Gouk
 Francisco Gazitua MRSS
 Dolorosa Sinaga
 Rachel Bowling

Accountants Nyman Libson Paul LLP
 Chartered Accountants
 124 Finchley Road
 London
 NW3 5JS

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Hampstead School of Art (the company) for the year ended 31 August 2021. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Structure, governance and management

a. Constitution

The company is registered as a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 January 1995, and is registered as a charity with the Charity Commission. The company, Hampstead School of Art (HSoA), operates as a traditional Fine Art and Applied Art community education charity.

b. Methods of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are appointed by the Trustees at the Annual General Meeting in accordance with the Articles of Association. There must be at least two Trustees and not more than twenty individuals all of whom must be members.

c. Policies adopted for the induction and training of Trustees

Training on HSoA policies and procedures for new Trustees is provided, where necessary, by the existing Trustees, the Principal and the Executive Bursar.

d. Organisational structure and decision-making policies

HSoA is administered by the Board of Trustees. Subcommittees meet regularly and full board meetings are termly. Day to day management and running of the Art School is delegated to Isabel H Langtry, the Principal. The Principal makes decisions in accordance with Board policy and the Hampstead School of Art Business Plan developed annually to meet the school strategic objectives set out by the Board of Trustees and the Principal.

e. Staff and Remuneration Policy

HSoA continues to operate with a relatively small number of dedicated and skilled core staff, augmented by a larger network of freelance tutors. HSoA is committed to paying staff fairly for the work that they do, whilst recognising that the charity operates with limited financial resources.

The remuneration and benefits of HSoA senior management team are decided by the Trustees, on the recommendation of the finance committee, taking account of market rates and achievements of performance objectives.

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

f. Public benefit

Hampstead School of Art (HSoA) encourages participation in and provides access to traditional Fine Art and Applied Art education for everyone, at any age! The school is committed to widening participation in inter-generational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice. HSoA also provides spaces where artists can work and grow and where local communities can access art and creativity.

HSoA's work achieves high levels of economic, social and cultural impact by providing extensive resources that promote the advancement of art education which includes:

- a. Out-reach art classes: for community members who are unable to access the art school buildings
- b. In-reach classes: for learners with complex difficulties or mobility challenges
- c. Our open-door policy: anyone with an interest in art can access art making
- d. Supporting the homeless: HSoA offers aid to people affected by homelessness
- e. Bursary programme: Financial support for Foundation Courses and the Frank Bowling OBE, RA Bursary are awarded annually
- f. A comprehensive programme of support for the local community is well established and includes many activities for both the public and businesses. These include a range of annual activities; free workshops at local festivals art Fairs and events, the HSoA annual Exhibition, the Hampstead Summer Festival and Art Fair Day which includes two annual local children's art competitions publicly displayed at the Festivals.
- g. Free lectures and exhibitions are available to the local community
- h. Open Air cultural spaces such as placement of public sculptures are created for community benefit.
- i. New virtual learning programmes

Objectives and activities

Objectives

Community, inclusivity and self-expression drive our culture. Hampstead School of Art is committed to widening participation in inter-generational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice.

Activities undertaken to achieve objectives

HSoA offers a comprehensive programme of termly day and evening classes, full time courses, workshops and exhibitions for students, visitors and the local community as well as a programme of free lectures and events.

Unleashing the artist in everyone

HSoA's success is based on our commitment to provide a wide range of fine art skills taught by practicing artists delivering specialist teaching in order to help develop individual abilities. Accessibility to all with an interest in art and applied art is our goal ensuring the school:

- Provides a high standard of education from Family Classes to Foundation courses
- Offers scholarships irrespective of age, background or ability
- Delivers first-rate and comprehensive range of fine art and applied art such as: drawing, painting, sculpture, printmaking, installation, digital art, film, performance and lens-based works, studio ceramics, mosaics, jewellery and silk painting, portfolio building, pre-foundation, foundation diploma courses and advanced courses in fine art.

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Achievements and performance

a. Main achievements of the Company

Growth: Since moving into our new premises the number of students attending the school has grown significantly prior to COVID. The curriculum has expanded to meet the growing demand for a range of subjects and classes for school children and families.

Inclusivity: HSoA's open-door policy endeavours to provide access to art and fine art learning for everyone. In-reach and outreach courses have been at the core of many successes in personal development by helping students reach their next step in higher education or lifelong learning. This has been achieved across a diverse student population irrespective of age, background ability or experience.

Academic excellence: As HSoA's reputation grows our successes continue. We are proud that 100% of our Foundation students applying to University degrees achieve their goal, some remain to study HSoA's Advanced Course. Our teaching-artists exhibit around the world and receive accolades on a regular basis.

International reputation and partnerships: HSoA International reputation and partnerships are growing as the Principal Isabel H Langtry leads the creative path to find new collaborations and patrons. Connections in Chile, China, Italy, Spain, Singapore, Indonesia, and Saudi Arabia have been forged resulting in 2 new Patrons being appointed, collaborative programmes created, and public sculptures exhibited. HSoA are fortunate to have 6 internationally renowned artist-patrons and the contribution they make to the learning and education programmes of the school is invaluable.

COVID Policy: The art school developed a robust COVID Policy.

b. Financial review

The preferred business model of Hampstead School of Art is to achieve independent financial viability by generating most of its income from tuition fees for traditional and contemporary Fine Art and Applied Art learning, Foundation and Advanced Courses. Although fundraising is conducted by the school, it is not dependent on grants or other external funding to maintain its day-to-day activities. Robust operational and financial policies, including generation and maintenance of significant cash reserves prior to COVID helped us to fulfil our goal of achieving long-term sustainability and financial security.

HSoA continues to invest in capital projects such as premises and IT upgrades to meet the demands of and expanding curriculum and the growth in student numbers. Investment in a high calibre management team and specialist tutors in an ever-expanding and exciting programme of classes has supported this. The results for the year show a surplus of £63,983 (2020: £95,422 deficit) which was attributable prudent financial management and growth in children's workshop.

c. Investment policy and performance

The School is currently building up its reserves and all funds are used operationally. Any excess funds not required for immediate use will be applied against the outstanding loans.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Reserves policy

HSoA's reserves policy is based on continued operations of its activities and have identified to maintain free reserves equivalent to at least 6 months running cost to enable HSoA to meet its obligation in the shorter term and to cover any unforeseen deficits or revenue shortfalls.

Total funds at the balance sheet date were £743,475 (2020: £679,492) of which £380,036 (2019: £358,154) were restricted. Details of restricted funds are provided in note 18.

Financial risk management objectives and policies

The Trustees have assessed the major risks to which HSoA is exposed, in particular those relating to the operations and finances and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for the future

Our goal to create a thriving art school underpinned by a permanent home has been realised. This has allowed HSoA to continue developing its robust financial growth, stimulate new initiatives, contribute to positive life change and continuing learning.

Social engagement: A key focus of the art school will be growth of HSoA's social engagement programme developed to inspire new and existing audiences to participate with art via studio and virtual engagement.

Bursary programme expansion: Expanding our internal scholarship/bursaries and community projects programmes for those with greater social or educational needs that would otherwise not be met will also be a key objective.

Unleashing the Artist in Everyone: To provide more programme and bursaries for a greater number of students and continue to 'Unleash the Artist in Everyone' by creating opportunities for any person, of any age, who comes to the school wishing to develop their creative abilities and understanding.

School Expansion: We aim to secure further premises in which to encourage local artists to create work that is accessible for the local community to engage with, create a new performance space and further enrich the learning of our students.

International partnerships and reputation building: Our aim is to build on the success to date by deepening new connections and building new and exciting opportunities nationally and internationally.

2021 Financial Statements: COVID-19 Disclosure

HSoA response to COVID-19

The school adapted swiftly and conducted risk assessments to identify financial and operational risks, followed by implementation of financial, strategic, and operational strategies to limit the impact of COVID-19. Our goal was that the business remained healthy and viable through and post pandemic.

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Creating a COVID Secure environment at HSoA

A comprehensive COVID-Secure strategy was implemented to ensure that students and staff were able to return to the school safely. This included implementing the following:

- Social-distancing: including limiting the capacity of studios and classes, creation of 'bubbles' within the school, directional 'traffic' management.
- Transmission-reduction: provision of masks, visors and hand sanitizers throughout the building, ventilation management.
- Cleaning programme: investment was made in new, advanced cleaning machines and personnel were re-directed to support a comprehensive disinfection and cleaning programme every hour, following each class and overnight.

Community outreach communications

It was important, despite the school being closed, that HSoA continued to communicate with its community of tutors and students to update and educate them as to what was being done to enable a safe return to art teaching at the school. Community activities increased with daily connections made with students via phone, particularly those vulnerable, shielding, or isolated from their families. A daily challenge called GetCreative provided everyone with an opportunity to continue to create art and a weekly newsletter and regular social media activity kept everyone connected to the school.

Post-lockdown Mitigation; Financial Planning:

This unavoidable and precipitous reduction in income was mitigated urgently by three critical means:

1. Utilisation of the Job Retention Scheme (furlough of staff) provided by the government to reduce staff costs while retaining staff in anticipation of a rapid post-Covid renewal of business.
2. The school has embarked a strict financial management approach to bear down on all non-essential operating costs in order to preserve cash reserves to meet unavoidable shortfalls resulting from restrictions mandated by government to counter Covid-19. These included:
 - a. Evaluation of the potential loss of income and consideration of strategies to ameliorate losses such as fee deferment, more efficient utilisation of tutors, increased use of online tutoring
 - b. Establishment of minimum monthly cash outflow requirement to identify where savings could be made, such as postponement of non-essential supplier contracts
 - c. Administration of the staff HR and furlough strategy
 - d. Implementation of agile financial strategy planning; weekly forecasting, income and expenditure, and cashflow analyses
 - e. Conduct of weekly financial reviews to evaluate the fast-changing situation and provide rapid solutions through scenario planning and quick-response execution
3. The school has been able to meet the challenge of reduced income and liquidity through utilisation of its cash reserves to meet all necessary and outstanding operating expenses.

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Business Viability and Financial Risk Management

Depending on the duration of the COVID-19 pandemic, government measures and continued negative impact on economic activity, the school may experience many challenges in the near and medium term.

Challenge: Covid-Secure social-distancing policy affects available studio capacity which limits the number of students who can be enrolled into each class. For financial planning it has been assumed that this policy will be in place until the end of the summer term 2022 which limits the income that the school can receive from all classes and workshops until then.

Solution: An online booking facility has been put in place to facilitate bookings and to help administrative staff to ensure that classes are booked to the optimal attendance level and that classes with sub-optimal bookings are merged with others to better match tutor costs with class income.

Challenge: Many students at HSoA are elderly so fall into the 'at risk' cohort for Covid-19. It is therefore understandable that 20% of students have not returned for the classes for the year 2022, which will significantly reduce the school's ability to return to pre-pandemic income levels.

Solution: To achieve pre-Covid income levels the goal is to increase student numbers by offering online classes alongside studio classes. This will not only provide an option for students who are shielding to attend courses online but will also provide protection to HSoA should fuller lockdown measures be introduced in the future. Additionally, this facility will provide a new potential revenue stream in the longer term.

Challenge: HSoA has lost income in several areas of the school's established operations.

Solution: The HSoA management team has focused on growth areas of the business, such as children's classes and workshops, which have been more resilient.

Future Prospects for HSoA

Though certainly unwelcome, the 'stress test' provided by the challenge of the Covid-19 pandemic has illustrated that HSoA has been managed successfully to be a resilient and resourceful organisation. We believe that these qualities will enable HSoA to thrive in the future once the pandemic has been negotiated.

To date we are in line with our forecast of 2022, despite the class sizes being limited by social distancing.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of Trustees on 12 April 2022 and signed on their behalf by:



Isabel H Langtry
Secretary to the Board of Trustees

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2021**

Independent Examiner's Report to the Trustees of The Hampstead School of Art ('the Company')

I report to the charity Trustees on my examination of the accounts of the Company for the year ended 31 August 2021.

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

Responsibilities and Basis of Report

As the Trustees of the Company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

INDEPENDENT EXAMINER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Independent Examiner's Statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed: *Nyman Libson Paul*

Dated: *12 April 2022*

Jennifer Pope ACA

Nyman Libson Paul
Chartered Accountants
Regina House
124 Finchley Road
London
NW3 5JS

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	29,176	150,783	179,959	133,456
Charitable activities	5	-	731,328	731,328	633,624
Other trading activities		-	51,206	51,206	85,331
Investments	6	-	10	10	324
Total income		<u>29,176</u>	<u>933,327</u>	<u>962,503</u>	<u>852,735</u>
Expenditure on:					
Raising funds	8	-	20,601	20,601	81,481
Charitable activities	9	7,294	870,625	877,919	866,676
Total expenditure		<u>7,294</u>	<u>891,226</u>	<u>898,520</u>	<u>948,157</u>
Net movement in funds		<u>21,882</u>	<u>42,101</u>	<u>63,983</u>	<u>(95,422)</u>
Reconciliation of funds:					
Total funds brought forward		358,154	321,338	679,492	774,914
Net movement in funds		21,882	42,101	63,983	(95,422)
Total funds carried forward		<u>380,036</u>	<u>363,439</u>	<u>743,475</u>	<u>679,492</u>

The notes on pages 15 to 32 form part of these financial statements.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03015275

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	1,546,625	1,565,950
		<u>1,546,625</u>	<u>1,565,950</u>
Current assets			
Debtors	14	25,555	21,407
Cash at bank and in hand		268,525	196,051
		<u>294,080</u>	<u>217,458</u>
Creditors: amounts falling due within one year	15	(395,688)	(373,293)
Net current liabilities		<u>(101,608)</u>	<u>(155,835)</u>
Total assets less current liabilities		<u>1,445,017</u>	<u>1,410,115</u>
Creditors: amounts falling due after more than one year	16	(701,542)	(730,623)
Total net assets		<u><u>743,475</u></u>	<u><u>679,492</u></u>
Charity funds			
Restricted funds	18	380,036	358,154
Unrestricted funds	18	363,439	321,338
Total funds		<u><u>743,475</u></u>	<u><u>679,492</u></u>

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03015275**

**BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021**

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.


The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees on
12 April 2022 and signed on their behalf by:

Julia Simpson
(Chair)



The notes on pages 15 to 32 form part of these financial statements.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	20	143,057	(25,503)
Cash flows from investing activities			
Interest received		10	324
Purchase of tangible fixed assets		(45,604)	(30,697)
Net cash used in investing activities		(45,594)	(30,373)
Cash flows from financing activities			
Cash inflows from new borrowing		50,000	-
Repayments of bank loan		(24,989)	(13,930)
Repayments of other loan		(50,000)	(150,000)
Net cash used in financing activities		(24,989)	(163,930)
Change in cash and cash equivalents in the year		72,474	(219,806)
Cash and cash equivalents at the beginning of the year		196,051	415,857
Cash and cash equivalents at the end of the year	21	268,525	196,051

The notes on pages 15 to 32 form part of these financial statements

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. GENERAL INFORMATION

The company is a company limited by guarantee and incorporated in England. The address of its registered office and principal place of business is 2 Penrose Gardens, Kidderpore Green, London, NW3 7BF. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Hampstead School of Art meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The School meets its day to day working capital requirements through the utilisation of its own funds together with a loan advanced by one of the trustees and a bank loan relating to the acquisition of the freehold. The School incurred a surplus in the year of £63,983 and as at the balance sheet date was showing a bank balance of £268,525 and net current liabilities of £101,608.

The trustees have prepared updated forecasts and projections based on a number of potential scenarios and these, together with reserves held, cost savings made and government assistance by way of the job retention scheme, indicate that the School has adequate resources to continue its operations, albeit at a potentially lower level. It is, however, difficult to determine the assumptions that will prove to be most appropriate and therefore there is an element of uncertainty existing.

After reviewing the forecasts and projections, at the time of approving these financial statements the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the next 12 months. The trustees therefore consider it appropriate to continue to adopt the going concern basis in preparing the charity's financial statements.

2.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Student fees represent tuition and other fees due and are accounted for on an accruals basis.

Deferred income represents students fees received in relation to tuition provided in the following year.

Bank interest and all other income is accounted for on an accruals basis.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

2.6 Government grants

Government grants relating to tangible fixed assets are treated as unspent restricted income and have restricted depreciation charged to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	25% reducing balance
Office equipment	-	25% reducing balance

2.8 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.12 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Significant accounting estimates and areas of judgment

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Tangible assets

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. VOLUNTARY INCOME

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £
Donations	-	46,111	46,111
Government Grants	29,176	104,672	133,848
Total donations	29,176	150,783	179,959
		Unrestricted funds 2020 £	Total funds 2020 £
Donations		20,906	20,906
Government Grants		112,550	112,550
		133,456	133,456

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Total funds 2021 £
Tuition fees and other income	731,328	731,328

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tuition fees and other income	6,000	627,624	633,624

6. INVESTMENT INCOME

	Unrestricted funds 2021 £	Total funds 2021 £
Bank interest	10	10

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest	324	324

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2021 £	Total funds 2021 £
Charity trading income		
Cafe income	20,413	20,413
Gallery exhibition income	4,577	4,577
Miscellaneous sales	26,216	26,216
TOTAL 2021	<u>51,206</u>	<u>51,206</u>

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Cafe income	-	42,765	42,765
Gallery exhibition income	-	12,684	12,684
Miscellaneous sales	18,650	11,232	29,882
TOTAL 2020	<u>18,650</u>	<u>66,681</u>	<u>85,331</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2021 £	Total funds 2021 £
Cafe costs (general)	14,277	14,277
Exhibition costs	1,719	1,719
Cafe costs (wages)	4,605	4,605
Total 2021	<u>20,601</u>	<u>20,601</u>

	Unrestricted funds 2020 £	Total funds 2020 £
Cafe costs (general)	32,270	32,270
Exhibition costs	26,816	26,816
Cafe costs (wages)	22,395	22,395
	<u>81,481</u>	<u>81,481</u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs 2021 £	Support costs 2021 £	Total funds 2021 £
Total charitable expenditure	<u>314,244</u>	<u>563,675</u>	<u>877,919</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

	Direct costs 2020 £	Support costs 2020 £	Total funds 2020 £
Total charitable expenditure	325,624	541,052	866,676

ANALYSIS OF DIRECT COSTS

	Activities 2021 £	Total funds 2021 £
Wages and salaries	261,794	261,794
Models	22,918	22,918
Advertising	4,480	4,480
Computer expenses	564	564
Purchases of materials	24,488	24,488
	<u>314,244</u>	<u>314,244</u>

	Activities 2020 £	Total funds 2020 £
Wages and salaries	281,457	281,457
Models	20,501	20,501
Advertising	4,468	4,468
Purchases of materials	19,198	19,198
	<u>325,624</u>	<u>325,624</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS

	Activities 2021 £	Total funds 2021 £
Staff costs	338,923	338,923
Accountancy fees	6,630	6,630
Insurance	4,415	4,415
Telephone and fax	2,444	2,444
Printing, postage & stationery	5,008	5,008
Travelling expenses	3,820	3,820
Rent and rates	38,690	38,690
Repairs, maintenance and cleaning	20,332	20,332
Legal and professional fees	2,880	2,880
Bank charges	14,765	14,765
Sundry expenses	18,696	18,696
Computer expenses	11,679	11,679
Light & heat	6,489	6,489
Mortgage interest	23,975	23,975
Depreciation	64,929	64,929
Total 2021	<u>563,675</u>	<u>563,675</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

ANALYSIS OF SUPPORT COSTS (continued)

	Activities 2020 £	Total funds 2020 £
Staff costs	343,516	343,516
Accountancy fees	4,770	4,770
Insurance	4,963	4,963
Telephone and fax	2,491	2,491
Printing, postage & stationery	8,651	8,651
Travelling expenses	4,454	4,454
Rent and rates	12,647	12,647
Repairs, maintenance and cleaning	32,875	32,875
Legal and professional fees	11,630	11,630
Bank charges	14,403	14,403
Sundry expenses	2,628	2,628
Computer expenses	10,362	10,362
Light & heat	5,433	5,433
Mortgage interest	24,471	24,471
Depreciation	57,758	57,758
	<u>541,052</u>	<u>541,052</u>

10. INDEPENDENT EXAMINER'S REMUNERATION

	2021 £	2020 £
Fees payable to the Company's Independent examiner for the independent examination of the Company's annual accounts	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	565,989	597,320
Social security costs	32,121	42,193
Contribution to defined contribution pension schemes	7,212	7,855
	<u>605,322</u>	<u>647,368</u>

The average number of persons employed by the Company during the year was as follows:

	2021	2020
	No.	No.
Administration, tutors and canteen staff	<u>32</u>	<u>34</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
	No.	No.
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	1

Key management personnel remuneration for the year was £245,896 (2020: £248,921).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Office equipment £	Total £
Cost or valuation			
At 1 September 2020	1,523,661	235,578	1,759,239
Additions	-	45,604	45,604
At 31 August 2021	<u>1,523,661</u>	<u>281,182</u>	<u>1,804,843</u>
Depreciation			
At 1 September 2020	98,063	95,226	193,289
Charge for the year	30,967	33,962	64,929
At 31 August 2021	<u>129,030</u>	<u>129,188</u>	<u>258,218</u>
Net book value			
At 31 August 2021	<u><u>1,394,631</u></u>	<u><u>151,994</u></u>	<u><u>1,546,625</u></u>
At 31 August 2020	<u><u>1,425,598</u></u>	<u><u>140,352</u></u>	<u><u>1,565,950</u></u>

14. DEBTORS

	2021 £	2020 £
Due within one year		
Trade debtors	20,260	3,455
Other debtors	558	395
Prepayments and accrued income	4,737	17,557
	<u><u>25,555</u></u>	<u><u>21,407</u></u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans	29,697	26,781
Trade creditors	27,064	57,347
Other taxation and social security	12,330	11,524
Other creditors	58,025	76,919
Accruals and deferred income	268,572	200,722
	<u>395,688</u>	<u>373,293</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans	651,542	679,447
Other loans	50,000	-
Other creditors	-	51,176
	<u>701,542</u>	<u>730,623</u>

The loan from HSBC to assist in funding the purchase of the 999 year lease, is repayable over 20 years finishing in 2038. Interest is to be charged at approximately 4% per annum for the duration of the loan.

The bank loan is secured by a fixed and floating charge over all of the company's assets.

The Bounce Back loan from HSBC, provided to further the charitable activities of the charity, has a facility amount of £50,000 and is repayable in 60 monthly installments of £887. No capital or interest payments are paid in the 12 months from the date the company drew down the loan. Interest is to be charged at a fixed interest rate of 2.5% payable on the outstanding principle amount of the loan and applicable until the final payment date.

The Bounce Back Loan is secured by guarantee from the UK Government under the Bounce Back Loan Scheme.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. FINANCIAL INSTRUMENTS

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through income and expenditure	268,525	196,051
	<u>268,525</u>	<u>196,051</u>
	2021 £	2020 £
Financial liabilities		
Financial liabilities measured at fair value through income and expenditure	(813,246)	(868,518)
	<u>(813,246)</u>	<u>(868,518)</u>

Financial assets measured at fair value through income and expenditure comprise of bank balances.

Financial liabilities measured at fair value through income and expenditure comprise of loans and creditors due.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 September 2020 £	Income £	Expenditure £	Balance at 31 August 2021 £
Unrestricted funds				
General Funds - all funds	321,338	933,327	(891,226)	363,439
Restricted funds				
Building Fund	358,154	-	-	358,154
London Borough of Camden	-	29,176	(7,294)	21,882
	<u>358,154</u>	<u>29,176</u>	<u>(7,294)</u>	<u>380,036</u>
Total of funds	<u><u>679,492</u></u>	<u><u>962,503</u></u>	<u><u>(898,520)</u></u>	<u><u>743,475</u></u>

The London Borough of Camden Grant relates to a government grant received with the restriction that it is spent on the purchase of fixed assets. At the reporting date it had been spent in full and the restricted expenditure relates to depreciation.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2019 £	Income £	Expenditure £	Balance at 31 August 2020 £
Unrestricted funds				
General Funds - all funds	420,803	828,085	(927,550)	321,338
Restricted funds				
Restricted Funds - all funds	354,111	24,650	(20,607)	358,154
Total of funds	<u><u>774,914</u></u>	<u><u>24,650</u></u>	<u><u>(948,157)</u></u>	<u><u>679,492</u></u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	380,036	1,166,589	1,546,625
Current assets	-	294,080	294,080
Creditors due within one year	-	(395,688)	(395,688)
Creditors due in more than one year	-	(701,542)	(701,542)
Total	<u><u>380,036</u></u>	<u><u>363,439</u></u>	<u><u>743,475</u></u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	358,154	1,207,796	1,565,950
Current assets	-	217,458	217,458
Creditors due within one year	-	(373,293)	(373,293)
Creditors due in more than one year	-	(730,623)	(730,623)
Total	<u><u>358,154</u></u>	<u><u>321,338</u></u>	<u><u>679,492</u></u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	63,983	(95,422)
Adjustments for:		
Depreciation charges	64,929	57,758
Dividends, interests and rents from investments	(10)	(324)
Increase in debtors	(4,148)	(17,804)
Increase in creditors	18,303	30,289
Net cash provided by/(used in) operating activities	143,057	(25,503)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand	268,525	196,051
Total cash and cash equivalents	268,525	196,051

22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	196,051	72,474	268,525
Debt due within 1 year	(26,781)	(2,916)	(29,697)
Debt due after 1 year	(679,447)	(22,095)	(701,542)

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

23. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £7,212 (2020 - £7,855). Contributions totalling £3,013 (2020 - £2,635) were payable to the fund at the balance sheet date and are included in creditors.

24. OPERATING LEASE COMMITMENTS

At 31 August 2021 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	21,377	-
Later than 1 year and not later than 5 years	58,158	-
Later than 5 years	60,781	-
	<u>140,316</u>	<u>-</u>

25. RELATED PARTY TRANSACTIONS

At the balance sheet date, the charity owed £51,176 (2020: £101,176) to a former trustee. This loan is interest free and repayable in full by 31 October 2022. During the year the Charity purchased goods and services of £8,280 from Aubury & Associates Limited, a company controlled by N Aubury, a trustee of the charity.

THE HAMPSTEAD SCHOOL OF ART

England & Wales - Charity number 1072327

Accounts

Registered number: 03015275

Charity number: 1072327

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

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THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2020

Trustees Angela Franklin, Chair (resigned 29 October 2020)
 Julia Simpson, Chair (appointed 11 March 2021)
 Reginald Boorer, Vice Chair
 Cynthia Barlow OBE
 Robert Goodall, Treasurer
 Nicolette Aubury

**Company registered
number** 03015275

**Charity registered
number** 1072327

Registered office 2 Penrose Gardens
 London
 England
 NW3 7BF

Patrons Sir Frank Bowling OBE, RA
 Alan Gouk
 Francisco Gazitua MRSS
 Dolorosa Sinaga

Accountants Nyman Libson Paul LLP
 Chartered Accountants
 124 Finchley Road
 London
 NW3 5JS

**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Hampstead School of Art (the company) for the year ended 31 August 2020. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Structure, governance and management

a. Constitution

The company is registered as a company limited by guarantee, governed by its Memorandum and Articles of Association dated 27 January 1995, and is registered as a charity with the Charity Commission. The company, Hampstead School of Art (HSoA), operates as a traditional Fine Art and Applied Art community education charity.

b. Methods of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are appointed by the Trustees at the Annual General Meeting in accordance with the Articles of Association. There must be at least two Trustees and not more than twenty individuals all of whom must be members.

c. Policies adopted for the induction and training of Trustees

Training on HSoA policies and procedures for new Trustees is provided, where necessary, by the existing Trustees, the Principal and the Executive Bursar.

d. Organisational structure and decision-making policies

HSoA is administered by the Board of Trustees. Subcommittees meet regularly and full board meetings are termly. Day to day management and running of the Art School is delegated to Isabel H Langtry, the Principal. The Principal makes decisions in accordance with Board policy and the Hampstead School of Art Business Plan developed annually to meet the school strategic objectives set out by the Board of Trustees and the Principal.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

e. Public benefit

Hampstead School of Art (HSoA) encourages participation in and provides access to traditional Fine Art and Applied Art education for everyone, at any age! The school is committed to widening participation in inter-generational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice. HSoA also provides spaces where artists can work and grow and where local communities can access art and creativity.

HSoA's work achieves high levels of economic, social and cultural impact by providing extensive resources that promote the advancement of art education which includes:

- a. Out-reach art classes: for community members who are unable to access the art school buildings
- b. In-reach classes: for learners with complex difficulties or mobility challenges
- c. Our open-door policy: anyone with an interest in art can access art making
- d. Supporting the homeless: HSoA offers aid to people affected by homelessness
- e. Bursary programme: Financial support for Foundation Courses and the Frank Bowling OBE, RA Bursary are awarded annually
- f. A comprehensive programme of support for the local community is well established and includes many activities for both the general public and businesses. These include a range of annual activities; free workshops at local festivals art Fairs and events, the HSoA annual Exhibition, the Hampstead Summer Festival and Art Fair Day which includes two annual local children's art competitions publicly displayed at the Christmas Festival and Art Fair days.
- g. Free lectures and exhibitions are available to the local community
- h. Open Air cultural spaces such as placement of public sculptures are created regularly
- i. New virtual learning programmes

Objectives and activities

Objectives

Community, inclusivity and self-expression drive our culture. Hampstead School of Art is committed to widening participation in inter-generational learning and wellness and giving people of all levels and abilities the confidence to find their own artistic voice.

Activities undertaken to achieve objectives

HSoA offers a comprehensive programme of termly day and evening classes, full time courses, workshops and exhibitions for students, visitors and the local community as well as a programme of free lectures and events.

Unleashing the artist in everyone

HSoA's success is based on our commitment to provide a wide range of fine art skills taught by practicing artists delivering specialist teaching in order to help develop individual abilities. Accessibility to all with an interest in art and applied art is our goal ensuring the school:

- Provides a high standard of education from Family Classes to Foundation courses
- Offers scholarships irrespective of age, background or ability
- Delivers first-rate and comprehensive range of fine art and applied art such as: drawing, painting, sculpture, printmaking, installation, digital art, film, performance and lens-based works, studio ceramics, mosaics, jewellery and silk painting, portfolio building, pre-foundation, foundation diploma courses and advanced courses in fine art.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and performance

a. Main achievements of the Company

Growth: Since moving into our new premises the number of students attending the school has grown significantly prior to COVID. The curriculum has expanded to meet the growing demand for a range of subjects and classes for school children and families.

Inclusivity: HSoA's open-door policy endeavours to provide access to art and fine art learning for everyone. In-reach and outreach courses have been at the core of many successes in personal development by helping students reach their next step in higher education or lifelong learning. This has been achieved across a diverse student population irrespective of age, background ability or experience.

Academic excellence: As HSoA's reputation grows our successes continue. We are proud that 100% of our Foundation students applying to University degrees achieve their goal, some remain to study HSoA's Advanced Course. Our teaching-artists exhibit around the world and receive accolades on a regular basis.

International reputation and partnerships: HSoA International reputation and partnerships are growing as the Principal Isabel H Langtry leads the creative path to find new collaborations and patrons. Connections in Chile, Italy, Singapore, Indonesia, and Saudi Arabia have been forged resulting in 2 new Patrons being appointed, collaborative programmes created, and public sculptures exhibited. HSoA are fortunate to have 4 internationally renowned artist-patrons and the contribution they make to the learning and education programmes of the school is invaluable.

COVID Policy: The school has developed a robust COVID Policy which is regularly reviewed taking into account government guidance.

b. Financial review

The preferred business model of Hampstead School of Art is to achieve independent financial viability by generating most of its income from tuition fees for traditional Fine Art and Applied Art education classes, Foundation and Advanced Courses. Although fundraising is conducted by the school, it is not dependent on grants or other external funding to maintain its day-to-day activities. Robust operational and financial policies, including generation and maintenance of significant cash reserves prior to COVID helped us to fulfil our goal of achieving long-term sustainability and financial security.

HSoA continues to invest in capital projects such as premises and IT upgrades in order to meet the demands of and expanding curriculum and the growth in student numbers. Investment in a high calibre management team and specialist tutors in an ever-expanding and exciting programme of classes has supported this. The results for the year show a deficit of £95,422 (2019 - £467 surplus) which was attributable to the lockdown imposed by the government in March 2020. As a result, the summer programme, half term workshop, and the summer festivals were all cancelled. These were forecasted to contribute significantly and we were confident that there would have been a surplus for the year.

c. Investment policy and performance

The School is currently building up its reserves and all funds are used operationally. Any excess funds not required for immediate use will be applied against the outstanding loans.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Reserves policy

The reserves for 2019-20 was three months however our target is to have a minimum of six months' income in order to fulfil one of the school's risk management objectives.

Financial risk management objectives and policies

The Trustees have assessed the major risks to which HSoA is exposed, in particular those relating to the operations and finances and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for the future

Our goal to create a thriving art school underpinned by a permanent home has been realised. This has allowed HSoA to continue developing its robust financial growth, stimulate new initiatives, contribute to positive life change and continuing learning.

Social engagement: A key focus of the art school will be growth of HSoA's social engagement programme developed to inspire new and existing audiences to participate with art via studio and virtual engagement.

Bursary programme expansion: Expanding our internal scholarship/bursaries and community projects programmes for those with greater social or educational needs that would otherwise not be met will also be a key objective.

Unleashing the Artist in Everyone: To provide more programme and bursaries for a greater number of students and continue to 'Unleash the Artist in Everyone' by creating opportunities for any person, of any age, who comes to the school wishing to develop their creative abilities and understanding.

School Expansion: We aim to secure further premises in which to encourage local artists to create work that is accessible for the local community to engage with, create a new performance space and further enrich the learning of our students.

International partnerships and reputation building: Our aim is to build on the success to date by deepening new connections and building new and exciting opportunities nationally and internationally.

2020 Financial Statements: COVID-19 Disclosure

HSoA response to COVID-19

The school adapted swiftly and conducted risk assessments to identify financial and operational risks, followed by implementation of financial, strategic, and operational strategies to limit the impact of COVID-19. Our goal was that the business remained healthy and viable through and post pandemic.

Creating a COVID Secure environment at HSoA

A comprehensive COVID-Secure strategy was implemented to ensure that students and staff were able to return to the school safely. This included implementing the following:

- Social-distancing: including limiting the capacity of studios and classes, creation of 'bubbles' within the school, directional 'traffic' management.
- Transmission-reduction: provision of masks, visors and hand sanitizers throughout the building, ventilation management.
- Cleaning programme: investment was made in new, advanced cleaning machines and personnel were re-directed to support a comprehensive disinfection and cleaning programme every hour, following each class and overnight.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Community outreach communications

It was important, despite the school being closed, that HSoA continued to communicate with its community of tutors and students to update and educate them as to what was being done to enable a safe return to art teaching at the school. Community activities increased with daily connections made with students via phone, particularly those vulnerable, shielding, or isolated from their families. A daily challenge called GetCreative provided everyone with an opportunity to continue to create art and a weekly newsletter and regular social media activity kept everyone connected to the school.

Post-lockdown Mitigation; Financial Planning:

This unavoidable and precipitous reduction in income was mitigated urgently by three critical means:

1. Utilisation of the Job Retention Scheme (furlough of staff) provided by the government to reduce staff costs while retaining staff in anticipation of a rapid post-Covid renewal of business.
2. The school has embarked a strict financial management approach to bear down on all non-essential operating costs in order to preserve cash reserves to meet unavoidable shortfalls resulting from restrictions mandated by government to counter Covid-19. These included:
 - a. Evaluation of the potential loss of income and consideration of strategies to ameliorate losses such as fee deferment, more efficient utilisation of tutors, increased use of online tutoring
 - b. Establishment of minimum monthly cash outflow requirement to identify where savings could be made, such as loan or mortgage repayment deferrals, HMRC payment plan, postponement of non-essential supplier contracts
 - c. Administration of the staff HR and furlough strategy
 - d. Implementation of agile financial strategy planning; weekly forecasting, income and expenditure, and cashflow analyses
 - e. Conduct of weekly financial reviews to evaluate the fast-changing situation and provide rapid solutions through scenario planning and quick-response execution
3. The school has been able to meet the challenge of reduced income and liquidity through utilisation of its cash reserves to meet all necessary and outstanding operating expenses.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Business Viability and Financial Risk Management

Depending on the duration of the COVID-19 pandemic, government measures and continued negative impact on economic activity, the school may experience many challenges in the near and medium term.

Challenge: Covid-Secure social-distancing policy affects available studio capacity which limits the number of students who can be enrolled into each class. For financial planning it has been assumed that this policy will be in place until the end of the summer term 2021 which limits the income that the school can receive from all classes and workshops until then.

Solution: An online booking facility has been put in place to facilitate bookings and to help administrative staff to ensure that classes are booked to the optimal attendance level and that classes with sub-optimal bookings are merged with others to better match tutor costs with class income.

Challenge: Many students at HSoA are elderly so fall into the 'at risk' cohort for Covid-19. It is therefore understandable that 40% of students have not returned for the classes for the year 2021, which will significantly reduce the school's ability to return to pre-pandemic income levels.

Solution: To achieve pre-Covid income levels the goal is to increase student numbers by offering online classes alongside studio classes. This will not only provide an option for students who are shielding to attend courses online but will also provide protection to HSoA should fuller lockdown measures be introduced in the future. Additionally, this facility will provide a new potential revenue stream in the longer term.

Challenge: HSoA has lost income in several areas of the school's established operations.

Solution: The HSoA management team has focused on growth areas of the business, such as children's classes and workshops, which have been more resilient.

Future Prospects for HSoA

Though certainly unwelcome, the 'stress test' provided by the challenge of the Covid-19 pandemic has illustrated that HSoA has been managed successfully to be a resilient and resourceful organisation. We believe that these qualities will enable HSoA to thrive in the future once the pandemic has been negotiated.

To date we are in line with our forecast which, despite the cancellation of spring term classes due to the second lockdown and for the autumn and summer term class sizes being limited by social distancing, represents a strong comeback, puts the school on course towards profitability which is forecast to occur in the summer term of 2021.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

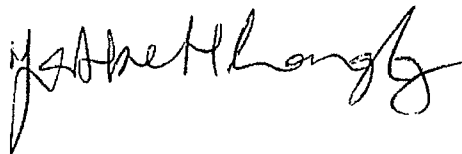
Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of Trustees on 26 May 2021
and signed on their behalf by:

Isabel H Langtry
Secretary to the Board of Trustees



**THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)**

**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

Independent Examiner's Report to the Trustees of The Hampstead School of Art ('the Company')

I report to the charity Trustees on my examination of the accounts of the Company for the year ended 31 August 2020.

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

Responsibilities and Basis of Report

As the Trustees of the Company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

INDEPENDENT EXAMINER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent Examiner's Statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:  Dated: 26 May 2021

Jennifer Pope ACA

Nyman Libson Paul
Chartered Accountants
Regina House
124 Finchley Road
London
NW3 5JS

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:					
Donations and legacies	4	-	133,456	133,456	18,641
Charitable activities	5	6,000	627,624	633,624	810,978
Other trading activities		18,650	66,681	85,331	129,058
Investments	6	-	324	324	361
TOTAL INCOME		24,650	828,085	852,735	959,038
EXPENDITURE ON:					
Raising funds	8	-	81,481	81,481	87,019
Charitable activities		20,607	846,069	866,676	871,552
TOTAL EXPENDITURE		20,607	927,550	948,157	958,571
NET MOVEMENT IN FUNDS		4,043	(99,465)	(95,422)	467
RECONCILIATION OF FUNDS:					
Total funds brought forward		354,111	420,803	774,914	774,447
Net movement in funds		4,043	(99,465)	(95,422)	467
TOTAL FUNDS CARRIED FORWARD		358,154	321,338	679,492	774,914

The notes on pages 15 to 32 form part of these financial statements.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03015275

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	13	1,565,950	1,593,011
		<u>1,565,950</u>	<u>1,593,011</u>
CURRENT ASSETS			
Debtors	14	21,407	3,603
Cash at bank and in hand		196,051	415,857
		<u>217,458</u>	<u>419,460</u>
Creditors: amounts falling due within one year	15	(373,293)	(292,420)
		<u>(155,835)</u>	<u>127,040</u>
NET CURRENT LIABILITIES / ASSETS		<u>(155,835)</u>	<u>127,040</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,410,115</u>	<u>1,720,051</u>
Creditors: amounts falling due after more than one year	16	(730,623)	(945,137)
NET ASSETS EXCLUDING PENSION ASSET		<u>679,492</u>	<u>774,914</u>
TOTAL NET ASSETS		<u><u>679,492</u></u>	<u><u>774,914</u></u>
CHARITY FUNDS			
Restricted funds	18	358,154	354,111
Unrestricted funds	18	321,338	420,803
TOTAL FUNDS		<u><u>679,492</u></u>	<u><u>774,914</u></u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03015275

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees on
and signed on their behalf by:

26 May 2021

Julia Simpson
(Trustee)

The notes on pages 15 to 32 form part of these financial statements.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	20	(25,503)	225,476
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		324	361
Purchase of tangible fixed assets		(30,697)	(56,087)
NET CASH USED IN INVESTING ACTIVITIES		(30,373)	(55,726)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of bank loan		(13,930)	(24,689)
Repayments of other loan		(150,000)	-
NET CASH USED IN FINANCING ACTIVITIES		(163,930)	(24,689)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(219,806)	145,061
Cash and cash equivalents at the beginning of the year		415,857	270,796
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	196,051	415,857

The notes on pages 15 to 32 form part of these financial statements

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. GENERAL INFORMATION

The company is a company limited by guarantee and incorporated in England. The address of its registered office and principal place of business is 2 Penrose Gardens, Kidderpore Green, London, NW3 7BF. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Hampstead School of Art meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The School meets its day to day working capital requirements through the utilisation of its own funds together with a loan advanced by one of the trustees and a bank loan relating to the acquisition of the freehold. The School incurred a deficit in the year of £95,422 and as at the balance sheet date was showing a bank balance of £196,051 and net current liabilities of £155,835.

The School has been badly impacted by the COVID-19 pandemic, as with most educational establishments in the UK, closing on government instruction in January 2021 for an indefinite period. The School has now reopened for Easter workshops with the aim of fully re-opening in April for the Summer term and onwards. The School's activities expect a small deficit for the year ending 31 August 2021. On a term by term basis, the trustees expect the charity to be surplus producing again by Summer 2021.

The trustees have prepared updated forecasts and projections based on a number of potential scenarios and these, together with reserves held, cost savings made and government assistance by way of the job retention scheme, indicate that the School has adequate resources to continue its operations, albeit at a potentially lower level. It is, however, difficult to determine the assumptions that will prove to be most appropriate and therefore there is an element of uncertainty existing.

After reviewing the forecasts and projections, at the time of approving these financial statements the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the next 12 months. The trustees therefore consider it appropriate to continue to adopt the going concern basis in preparing the charity's financial statements.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

2.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Student fees represent tuition and other fees due and are accounted for on an accruals basis.

Deferred income represents students fees received in relation to tuition provided in the following year.

Bank interest and all other income is accounted for on an accruals basis.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	25% reducing balance
Office equipment	-	25% reducing balance

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.11 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. Significant accounting estimates and areas of judgment

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Tangible assets

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. VOLUNTARY INCOME

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Donations	-	20,906	20,906
Grants	-	112,550	112,550
Total donations	-	133,456	133,456
	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Donations	-	17,941	17,941
Grants	500	200	700
	500	18,141	18,641

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tuition fees and other income	6,000	627,624	633,624

	Unrestricted funds 2019 £	Total funds 2019 £
Tuition fees and other income	810,978	810,978

6. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest	324	324

	Unrestricted funds 2019 £	Total funds 2019 £
Bank interest	361	361

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. ACTIVITIES FOR GENERATING FUNDS

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Charity trading income			
Cafe income	-	42,765	42,765
Gallery exhibition income	-	12,684	12,684
Miscellaneous sales	18,650	11,232	29,882
TOTAL 2020	<u>18,650</u>	<u>66,681</u>	<u>85,331</u>
	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Cafe income	-	72,563	72,563
Gallery exhibition income	-	28,125	28,125
Miscellaneous sales	8,000	20,370	28,370
TOTAL 2019	<u>8,000</u>	<u>121,058</u>	<u>129,058</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2020 £	Total funds 2020 £
Cafe costs (general)	32,270	32,270
Exhibition costs	26,816	26,816
Cafe costs (wages)	22,395	22,395
TOTAL 2020	<u>81,481</u>	<u>81,481</u>

	Unrestricted funds 2019 £	Total funds 2019 £
Cafe costs (general)	30,057	30,057
Exhibition costs	22,560	22,560
Cafe costs (wages)	34,402	34,402
	<u>87,019</u>	<u>87,019</u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

Direct costs 2020 £	Support costs 2020 £	Total funds 2020 £
<u>325,624</u>	<u>541,052</u>	<u>866,676</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Total charitable expenditure	333,700	537,852	871,552

Analysis of direct costs

	Activities 2020 £	Total funds 2020 £
Wages and salaries	281,457	281,457
Models	20,501	20,501
Advertising	4,468	4,468
Purchases of materials	19,198	19,198
	<u>325,624</u>	<u>325,624</u>

	Activities 2019 £	Total funds 2019 £
Wages and salaries	268,886	268,886
Models	31,584	31,584
Advertising	10,131	10,131
Purchases of materials	23,099	23,099
	<u>333,700</u>	<u>333,700</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Activities 2020 £	Total funds 2020 £
Staff costs	343,516	343,516
Accountancy fees	4,770	4,770
Insurance	4,963	4,963
Telephone and fax	2,491	2,491
Printing, postage & stationery	8,651	8,651
Travelling expenses	4,454	4,454
Rent and rates	12,647	12,647
Repairs, maintenance and cleaning	32,875	32,875
Legal and professional fees	11,630	11,630
Bank charges	14,403	14,403
Sundry expenses	2,628	2,628
Computer expenses	10,362	10,362
Light & heat	5,433	5,433
Mortgage interest	24,471	24,471
Depreciation	57,758	57,758
TOTAL 2020	541,052	541,052

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs (continued)

	Activities 2019 £	Total funds 2019 £
Staff costs	323,944	323,944
Audit fee	3,500	3,500
Accountancy fees	8,500	8,500
Insurance	2,986	2,986
Telephone and fax	2,732	2,732
Printing, postage & stationery	10,456	10,456
Travelling expenses	3,991	3,991
Rent and rates	(2,668)	(2,668)
Repairs, maintenance and cleaning	39,945	39,945
Legal and professional fees	20,381	20,381
Bank charges	15,974	15,974
Sundry expenses	3,579	3,579
Computer expenses	10,461	10,461
Light & heat	12,984	12,984
Mortgage interest	30,645	30,645
Depreciation	50,442	50,442
	537,852	537,852

10. INDEPENDENT EXAMINER'S REMUNERATION

	2020 £	2019 £
Fees payable to the Company's Independent examiner for the independent examination of the Company's annual accounts	3,500	3,500

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. STAFF COSTS

	2020 £	2019 £
Wages and salaries	597,320	581,806
Social security costs	42,193	38,887
Contribution to defined contribution pension schemes	7,855	6,539
	<u>647,368</u>	<u>627,232</u>

The average number of persons employed by the Company during the year was as follows:

	2020 No.	2019 No.
Administration, tutors and canteen staff	<u>34</u>	<u>29</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1

Key management personnel remuneration for the year was £248,921 (2019: £255,041).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Office equipment £	Total £
COST OR VALUATION			
At 1 September 2019	1,520,917	207,625	1,728,542
Additions	2,744	27,953	30,697
At 31 August 2020	<u>1,523,661</u>	<u>235,578</u>	<u>1,759,239</u>

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13. TANGIBLE FIXED ASSETS (CONTINUED)

	Long-term leasehold property £	Office equipment £	Total £
DEPRECIATION			
At 1 September 2019	67,645	67,886	135,531
Charge for the year	30,418	27,340	57,758
At 31 August 2020	98,063	95,226	193,289
NET BOOK VALUE			
At 31 August 2020	1,425,598	140,352	1,565,950
At 31 August 2019	1,453,272	139,739	1,593,011

14. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	3,455	490
Other debtors	395	2,220
Prepayments and accrued income	17,557	893
	21,407	3,603

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans	26,781	26,197
Trade creditors	57,347	42,019
Other taxation and social security	11,524	9,036
Other creditors	76,919	5,037
Accruals and deferred income	200,722	210,131
	<u>373,293</u>	<u>292,420</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans	679,447	693,961
Other creditors	51,176	251,176
	<u>730,623</u>	<u>945,137</u>

The loan from HSBC to assist in funding the purchase of the 999 year lease, is repayable over 20 years finishing in 2038. Interest is to be charged at approximately 4% per annum for the duration of the loan.

The bank loan is secured by a fixed and floating charge over all of the company's assets.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

17. FINANCIAL INSTRUMENTS

	2020 £	2019 £
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	<u>196,051</u>	<u>415,857</u>
	2020 £	2019 £
FINANCIAL LIABILITIES		
Financial liabilities measured at fair value through income and expenditure	<u>(868,518)</u>	<u>(1,017,120)</u>

Financial assets measured at fair value through income and expenditure comprise of bank balances.

Financial liabilities measured at fair value through income and expenditure comprise of loans due.

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 September 2019 £	Income £	Expenditure £	Balance at 31 August 2020 £
UNRESTRICTED FUNDS				
General Funds - all funds	420,803	828,085	(927,550)	321,338
RESTRICTED FUNDS				
Restricted Funds - all funds	354,111	24,650	(20,607)	358,154
TOTAL OF FUNDS	774,914	852,735	(948,157)	679,492

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2018 £	Income £	Expenditure £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS				
General Funds - all funds	428,836	950,538	(958,571)	420,803
RESTRICTED FUNDS				
Restricted Funds - all funds	345,611	8,500	-	354,111
TOTAL OF FUNDS	774,447	959,038	(958,571)	774,914

THE HAMPSTEAD SCHOOL OF ART
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	358,154	1,207,796	1,565,950
Current assets	-	217,458	217,458
Creditors due within one year	-	(373,293)	(373,293)
Creditors due in more than one year	-	(730,623)	(730,623)
TOTAL	<u>358,154</u>	<u>321,338</u>	<u>679,492</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	354,111	1,238,900	1,593,011
Current assets	-	419,460	419,460
Creditors due within one year	-	(292,420)	(292,420)
Creditors due in more than one year	-	(945,137)	(945,137)
TOTAL	<u>354,111</u>	<u>420,803</u>	<u>774,914</u>

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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(95,422)	467
ADJUSTMENTS FOR:		
Depreciation charges	57,758	50,442
Dividends, interests and rents from investments	(324)	(361)
Decrease/(increase) in debtors	(17,804)	184,435
Increase/(decrease) in creditors	30,289	(9,507)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	(25,503)	225,476

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	196,051	415,857
TOTAL CASH AND CASH EQUIVALENTS	196,051	415,857

22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	415,857	(219,806)	196,051
Debt due within 1 year	(26,197)	(584)	(26,781)
Debt due after 1 year	(693,961)	14,514	(679,447)

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23. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £7,855 (2019 - £6,539). Contributions totalling £2,635 (2019 - £1,270) were payable to the fund at the balance sheet date and are included in creditors.

24. RELATED PARTY TRANSACTIONS

At the balance sheet date, the charity owed £101,176 (2019: £251,176) to one of the trustees, A Franklin. This loan is interest free and repayable in full by 31 October 2022.