

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
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**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.

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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.

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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.

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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.

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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
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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
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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
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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
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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
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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
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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
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**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)
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>

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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
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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
Cash flows from investing activities		
Interest received	27	10
Purchase of tangible fixed assets	-	(45,604)
Net cash provided by/(used in) investing activities	27	(45,594)
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)
Net cash used in financing activities	(80,929)	(24,989)
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
Cash and cash equivalents at the end of the year	268,836	268,525

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

THE HAMPSTEAD SCHOOL OF ART
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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
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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
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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.

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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>	

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NOTES TO THE FINANCIAL STATEMENTS
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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	

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NOTES TO THE FINANCIAL STATEMENTS
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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>	

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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/>

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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).

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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).

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**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	1,523,661	281,182	1,804,843
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	159,997	157,524	317,521
Net book value			
At 31 August 2022	1,363,664	123,658	1,487,322
At 31 August 2021	1,394,631	151,994	1,546,625

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
	76,891	25,555

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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.

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**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)	-
	380,036	3,200	(8,671)	374,565
Total of funds	743,475	1,017,046	(934,865)	825,656

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.

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NOTES TO THE FINANCIAL STATEMENTS
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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
	358,154	29,176	(7,294)	380,036
Total of funds	679,492	962,503	(898,520)	743,475

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	451,091	374,565	825,656

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**NOTES TO THE FINANCIAL STATEMENTS
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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	363,439	380,036	743,475

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	81,213	143,057

21. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	268,836	268,525
Total cash and cash equivalents	268,836	268,525

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**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.