

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**

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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**

<b>Registered charity name</b>	The Hampstead School of Art
<b>Charity registration number</b>	1072327
<b>Company registration number</b>	03015275
<b>Principal office and registered office</b>	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**

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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.
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# **The Hampstead School of Art**

## **Company Limited by Guarantee**

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

**Year ended 31 August 2023**

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#### **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 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.

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# **The Hampstead School of Art**

## **Company Limited by Guarantee**

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

#### **Year ended 31 August 2023**

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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.

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# **The Hampstead School of Art**

## **Company Limited by Guarantee**

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

**Year ended 31 August 2023**

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#### **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**

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# **The Hampstead School of Art**

## **Company Limited by Guarantee**

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

#### **Year ended 31 August 2023**

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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**

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#### **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**

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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**

**Year ended 31 August 2023**

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#### **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**

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#### **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**

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#### **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**

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#### **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
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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**

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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.

# **The Hampstead School of Art**

## **Company Limited by Guarantee**

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

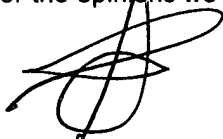
**Year ended 31 August 2023**

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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
	Note	£	£	£	£
<b>Income and endowments</b>					
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
<b>Total income</b>		<u>1,284,871</u>	<u>–</u>	<u>1,284,871</u>	<u>1,017,046</u>
<b>Expenditure</b>					
Expenditure on charitable activities	9,10	<u>972,318</u>	<u>4,103</u>	<u>976,421</u>	<u>934,865</u>
<b>Total expenditure</b>		<u>972,318</u>	<u>4,103</u>	<u>976,421</u>	<u>934,865</u>
<b>Net income / (expenditure) and net movement in funds</b>		<u>312,553</u>	<u>(4,103)</u>	<u>308,450</u>	<u>82,181</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>451,091</u>	<u>374,565</u>	<u>825,656</u>	<u>743,475</u>
<b>Total funds carried forward</b>		<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 £
<b>Fixed assets</b>			
Tangible fixed assets	15	1,441,917	1,487,322
<b>Current assets</b>			
Debtors	16	17,430	76,891
Cash at bank and in hand		618,864	268,836
		<u>636,294</u>	<u>345,727</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>379,690</u>	<u>388,734</u>
<b>Net current assets</b>		<u>256,604</u>	<u>(43,007)</u>
<b>Total assets less current liabilities</b>		1,698,521	1,444,315
<b>Creditors: amounts falling due after more than one year</b>	18	<u>564,415</u>	<u>618,659</u>
<b>Net assets</b>		<u><u>1,134,106</u></u>	<u><u>825,656</u></u>
<b>Funds of the charity</b>			
Restricted funds		370,462	374,565
Unrestricted funds		<u>763,644</u>	<u>451,091</u>
<b>Total charity funds</b>	20	<u><u>1,134,106</u></u>	<u><u>825,656</u></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 £
<b>Cash flows from operating activities</b>		
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>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(6,814)	—
Net cash used in investing activities	<u>(6,814)</u>	<u>—</u>
<b>Cash flows from financing activities</b>		
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>
<b>Net increase in cash and cash equivalents</b>	350,028	311
<b>Cash and cash equivalents at beginning of year</b>	268,836	268,525
<b>Cash and cash equivalents at end of year</b>	<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**

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#### **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**

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#### **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**

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#### **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**

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#### **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

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#### 11. Net income

Net income is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation of tangible fixed assets	<u>52,219</u>	<u>59,303</u>

#### 12. Auditors remuneration

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

#### 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	<u>9,428</u>	<u>7,212</u>
	<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	<u>1</u>	<u>1</u>
	<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

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#### 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 £
<b>Cost</b>			
At 1 September 2022	1,523,661	281,182	1,804,843
Additions	–	6,814	6,814
<b>At 31 August 2023</b>	<u>1,523,661</u>	<u>287,996</u>	<u>1,811,657</u>
<b>Depreciation</b>			
At 1 September 2022	159,997	157,524	317,521
Charge for the year	30,967	21,252	52,219
<b>At 31 August 2023</b>	<u>190,964</u>	<u>178,776</u>	<u>369,740</u>
<b>Carrying amount</b>			
<b>At 31 August 2023</b>	<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

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##### 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>

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# 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)
<b>Net assets</b>	<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)
<b>Net assets</b>	<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

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#### 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.