

**Registered number: 03801729**  
**Charity number: 1078804**

**The Art Academy**  
**(A Company Limited by Guarantee)**

**Trustees' Report and Financial Statements**  
**For the Year Ended 31 August 2024**

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**Reference and Administrative Details of the Charity, its Trustees and Advisers**  
**For the Year Ended 31 August 2024**

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<b>Trustees</b>	D J Fennell M R C Gerlis K Gordon J C Littler A Bright (appointed 6 July 2023) P Mulholland (appointed 6 July 2023) R Pepper (appointed 6 July 2023) T Gledstone (appointed 9 November 2023) A Custis (appointed 28 September 2023) A Apalara (appointed 6 July 2023) S Kisielewska (née Dunbar) (appointed 6 July 2023, resigned 7 December 2023)
<b>Company registered number</b>	03801729
<b>Charity registered number</b>	1078804
<b>Registered office</b>	Mermaid Court 165a Borough High Street London SE1 1HR
<b>Company secretary</b>	S M A Zahedi
<b>Key Management Personnel</b>	Rob Pepper - Principal Sue Spaul - Director of Programmes Geof Thompson - Director of Operations Sophie Singh - Director of Developments Darren Nairn - Director of Academic Quality, Standards and Student Experience
<b>Independent auditors</b>	UHY Hacker Young Chartered Accountants Thames House Roman Square Sittingbourne Kent ME10 4BJ
<b>Bankers</b>	NatWest Bank Plc 250 Bishopsgate Spitalfields London EC2M 4AA

## **The Art Academy**

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## **Trustees' report**

**For the year ended 31 August 2024**

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

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

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing document**

The Art Academy is registered as a charitable company limited by guarantee and was set up by a Trust deed. The charity's rules of governance are set out in its memorandum and articles of association. In the event of the company winding up, the liability of its members is limited to paying in £10 each and this obligation continues to hold for a year following any resignation. The only members are the trustees.

### **Organisational structure**

The Art Academy is led by Robert Pepper as Principal, and its executive team made up of Sue Spall, Director of Programmes & Geof Thompson, Director of Operations. They are supported by a management team of Aimee Brigginshaw, Academic Programme Manager; Alison Cowling, Public Programme Manager; Irfaan Shaikh, Finance Manager; Emily Barnes, Operations Manager and Thomas Groves, Quality Manager.

### **Methods of appointment or election of Trustees**

Trustees are advised of their duties as well as the history and present situation of the charity before they join the board.

### **Policies and procedures adopted for the induction and training of trustees**

Training and induction is for new trustees but will depend on their existing experience. Where necessary induction will provide training on charity legal and financial matters. All new trustees will be given a tour of the Academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans, and other documents that they will need to undertake their role as trustees.

### **Pay policy for key management personnel**

A remuneration committee with members of the board of trustees meets once a year to set the pay policy for key personnel.

### **Related party relationships**

At each trustees meeting any related party information is disclosed.

### **Risk management**

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

Management conduct an annual risk assessment and regularly communicate their findings to trustees in meetings.

The safety of the students is reviewed regularly by the Academy's Facilities, Health & Safety Committee, its Director of Operations, Operations Manager, Technicians, and Tutors. Individual student training in the use of hazardous materials and machinery is recorded by the Technicians.

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#### **Trustees' report**

**For the year ended 31 August 2024**

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#### **OBJECTIVES AND ACTIVITIES**

##### **a. Policies and objectives**

The purpose of The Art Academy is to inspire and uplift society through art and art education, and to provide access to art experiences for all in the community.. The motto of The Art Academy is 'Create - Master - Inspire'.

##### **Aims**

To contribute to the creation of great works of art, by providing the highest standard of education to students wishing to become professional artists, by giving creative opportunities to the wider community and by encouraging debate around the practice and principles of Higher Education in Fine Art.

The strategies employed by the Academy to achieve its aims include:

- Constantly striving to improve all its courses in order to train students to become professional artists capable of producing excellent work.
- Offering a programme of learning with unique attributes, combining intensive skills training with creative and professional development.
- Seeking out and engaging the best possible tutors, resident artists, and staff to support the students in their learning.
- Striving to make its programmes at all levels accessible to the widest possible audience by keeping any increase in fees to a reasonable level and offering flexible payment terms and attendance patterns to accommodate those on low incomes or students whose circumstances change after enrolment.
- Offering students, when possible, bursaries to aid in financing their courses.
- Operating a broad and open admissions policy to encourage diversity in our student body.
- Creating the best learning opportunities, we can through a programme designed with the help of professional artists and institutions and one that is governed by the highest academic standards.
- Broadening the outreach work within Southwark by providing expert Art Academy tuition to local art groups at no charge.

##### **Principles**

- Creating an environment where our students can experiment, research, and learn from the best academic, artistic, and philosophical practitioners so we can develop visionary artists who will be the creative thinkers of the future.
- Developing creative skills, both traditional and contemporary, to support a student's freedom of expression.
- Encouraging students to understand and consider equally the conception and skills that have gone into the creation of all artworks in any medium, both traditional and contemporary.
- Training every student to develop a critical and spontaneous creative process which allows them to be true to their creative vision.
- Helping students to understand the art market and the world of the professional artist to enable them to make informed choices within their creative practice.
- Providing a supportive, vibrant, and eclectic artistic community where creativity can be nurtured.

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#### **Trustees' report**

**For the year ended 31 August 2024**

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#### **Activities**

The Art Academy provides a wide-ranging programme of art education rooted in the vision and experience of its founding Principal, combining the virtues of a skills-based apprenticeship with the breadth and intellectual stimulation provided by a London college. The style of education on offer requires more commitment from its tutors than is widely available.

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. Strategies for achieving objectives**

The Art Academy is passionate about championing art for all. We believe everyone should have access to high-quality art education, with no financial, physical, or practical barriers.

Led by an executive team that have many years of experience of both practicing art, teaching art, and running businesses their knowledge filters down to a dynamic management team and junior team and a tutor body of over 100 practicing artists.

Led by Principal Rob Pepper, The Art Academy is increasingly taking a leadership role in championing the importance of arts education and supporting arts educators nationally.

#### **c. Activities undertaken to achieve objectives**

We offer art courses for every age, levels of skill and need – from a BA and Foundation Degree to evening, weekend, and short courses in numerous disciplines such as painting, printing, metalwork & sculpture. There is also a wide-ranging outreach programme that brings art education to those that may otherwise not be able to enjoy the benefits.

#### **d. Social investment policies**

Over the last 15 years there has been a decline in the number of children taking arts subjects; a reduction in arts teaching hours; and fewer arts teachers employed in schools. Beyond school, informal programmes for young people have suffered due to cuts in local authority funds and services; and in recent years the wide-ranging impacts of the pandemic have been profound.

The Art Academy believes that in the UK there is a rapidly increasing need for quality arts education. There is now a large body of evidence regarding the benefits of art in reimagining education for the 21st Century so that we can all build a better world.

It is this evidence that drives us. We exist to empower visionaries in the arts to develop their own creative practices and to become active members of their community. We teach art in a way that can empower individuals from all walks of life, at every age, stage and level. We have seen first-hand the effect that our arts education can have on an individual's creativity, self-esteem and vision of self.

We have proven the success of our outreach programmes and now is the time to reach more people.

Our students are diverse and united by a shared ethos that an arts education is essential to building a better world. We take pride in having educated over 40,000 students over the past 25 years. In the last year alone, we taught 3,000 students. Our outreach programmes help make art education accessible to the wider community with over 350 public courses a year.

#### **e. Main activities undertaken to further the Charity's purposes for the public benefit**

The Art Academy offers something distinct and increasingly rare: the best of a traditional atelier combined with the vibrancy and diversity of a contemporary art school. This founding principle still differentiates us today.

All our tutors are practising artists and specialists in their fields. We offer tuition in core artistic skills, whilst challenging students to develop their own practice informed by contemporary processes and theory. We preserve skills, whilst believing that art never stands still.

On our academic courses we are proud to offer the highest number of contact hours of any higher education art school in the UK. In small groups, students are guaranteed a minimum of 15 hours per week in our BA and Foundation program, with the option of more.

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#### Trustees' report

#### For the year ended 31 August 2024

This minimum is five times the amount received on a comparable BA at the UK's leading institutions. This personal approach allows our students the time to master core artistic skills and unlock their creative potential.

We also run over 350 short courses a year from young artists through to masterclasses.

### ACHIEVEMENTS AND PERFORMANCE

#### a. Main achievements of the Charity during the year

In September 2024 The Art Academy opened its new home at 185 Park Street, Bankside, after several years of planning and fundraising. This fully accessible building marks the first time in the Academy's 25-year history that all our courses, studios, and gallery spaces are compliant with the Equalities Act and open to everyone. The new campus, located next to Tate Modern, has already hosted a wide range of events including exhibitions, corporate away days, lectures, and creative workshops, underlining its role as a cultural hub for both our students and the wider public.

The Art Academy continues to deliver its unique mix of Higher Education, public courses, and outreach. In 2024–25 more than 3,500 people attended short courses, evening classes, and workshops, and the Young Artists programme remained oversubscribed, with 20% of places offered free to Southwark residents on free school meals.

The first dedicated Ceramics Studio was launched in autumn 2024, with courses immediately oversubscribed and a waiting list of over 40 students. This new facility expands the breadth of skills we can offer and creates opportunities for group and corporate sessions.

In addition, the Academy launched its new Digital Suite, supported by funding from Hg Foundation through the Tech Hub initiative. This investment has enabled us to expand provision in creative technology, offering students access to industry-standard facilities and supporting the integration of digital skills across our programmes. It has also underpinned new outreach initiatives, including the launch of a Saturday Club that provides free places for young people from local schools, widening access to digital and creative education.

Our BA Fine Art students continued to achieve excellent outcomes, with graduates going on to leading MA programmes or establishing their own practices. In 2025, we began the process of reshaping our Academic offering in response to sector-wide pressures, including the pause of new applications to the Office for Students and the suspension of our validating partner's intake. This work will inform the launch of new academic courses, ensuring that the Academy's mission to provide high-quality, skills-based art education remains sustainable.

#### b. Key performance indicators

Our KPIs this year have centred on:

- **Campus transition:** Successfully moving into and operating from the new Bankside site on time and on budget.
- **Student numbers:** Maintaining strong attendance across public courses (3,500+) despite wider pressures from the cost-of-living crisis.
- **Outreach delivery:** Meeting our commitment to provide 20% of Young Artist places free to Southwark children on free school meals.
- **Fundraising:** Raising over £750,000 towards the new building through donations, grants, and CIL funding from Southwark, with continuing support from Patrons, corporate partners, and trusts.
- **Innovation in provision:** Establishing the Hg Tech Hub and Ceramics Studio, expanding both traditional and technology-based practice.

#### c. Review of activities

The Academy continues to provide an inclusive and high-quality art education. Our public courses, from beginners' drawing to figure sculpture, remain at the heart of our mission to make creativity accessible. Demand has shifted towards shorter, more affordable courses, reflecting the cost-of-living climate, while our professional-level courses and bespoke sessions for companies have shown steady growth.

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For the year ended 31 August 2024

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The Artists 'Gallery, inaugurated in autumn 2024 with the *Past, Present, Future* exhibition, provides a professional platform for our community of tutors and students and an additional revenue stream. Alongside this, the Project Space and Auditorium are supporting a growing programme of events and partnerships.

The development of the Digital Suite, funded through the Hg Tech Hub, has been transformative in opening up opportunities for our students and local young people to engage with creative technology. Through this, we have piloted new digital art courses and established a Saturday Club for young people from Southwark, ensuring that those who may not otherwise have access to such resources can explore creative and technical pathways.

Despite challenges in the Higher Education landscape, the Academy has maintained its reputation as an innovative and student-centred institution. Plans are now underway to develop modular programmes and micro-credentials as part of the future Academic offer, widening participation and responding to the evolving needs of students and the sector.

#### d. Factors relevant to achieving objectives

Key factors include maintaining financial resilience through fundraising and earned income, adapting provision in light of Higher Education regulatory changes, and supporting our staff team during a period of organisational transition. The continued involvement of trustees, donors, and corporate partners remains vital.

#### e. Fundraising activities and income generation

Fundraising in 2024–25 built on the success of previous campaigns. The Academy raised over £750,000 towards the Bankside campus fit-out, with significant contributions from individual Patrons, corporate sponsors, and Southwark Council. The Fundraising Committee, chaired by Natasha Kaplinsky, has played a central role, and ongoing efforts are now directed towards core costs and strategic priorities including the completion of the Auditorium and Library, building financial reserves, and supporting new programmes.

Commercial income has also diversified, with corporate creative days, event hire, and the new ceramics studio all contributing to a stronger income mix. These activities align with our goal of ensuring long-term sustainability while staying true to our charitable mission.

### Financial review

#### a. Going concern

The Trustees have considered the financial position of The Art Academy and the principal risks facing the organisation. At the date of approving these financial statements, the Trustees acknowledge the existence of a material uncertainty which may cast doubt on the charity's ability to continue as a going concern.

This uncertainty relates to the sale of the Academy's freehold property at Mermaid Court. Several offers have been received, but all are dependent on the granting of planning permission. The planning process is underway, and once permission is secured the Trustees expect the sale to complete. Proceeds from the sale will be used to restore free reserves to the target level, provide working capital, and strengthen the long-term financial position of the charity.

In the meantime, the Academy continues to manage cash flow closely, supported by income from public courses, fundraising, and new commercial activities at the Bankside site. The Trustees have taken steps to diversify income streams and control expenditure. On this basis, the Trustees believe the charity remains viable and that the going concern basis of accounting is appropriate.

Further information is provided in the going concern accounting policy within note 2.

#### b. Reserves policy

The Trustees review the reserves policy annually. The Academy requires reserves to safeguard against unforeseen shocks, protect staff and students, and ensure delivery of charitable objectives.



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#### Trustees' report

For the year ended 31 August 2024

The target level of free reserves remains £390,000, equivalent to approximately three months of operating expenditure. At present, the Academy does not hold any free reserves: while total unrestricted reserves were £309,169 at 31 August 2024 these were all invested in tangible fixed assets, including the freehold at Mermaid Court.

Rebuilding reserves is therefore a strategic priority, alongside stabilising the operating model at the new Bankside site.

#### c. Principal risks and uncertainties

The Trustees maintain a risk register, reviewed regularly by the Board. The key risks for the year ahead are:

- **Higher Education regulatory environment:** The pause in Office for Students applications and the suspension of our validating partner's intake pose risks to continuity of the BA programme. *Mitigation:* development of a self-validated Diploma in Fine Art and exploration of new partnership models.
- **Cash flow pressures:** The Academy continues to operate with limited reserves. *Mitigation:* close cash flow monitoring, diversification of income (events, corporate, ceramics, digital suite), and focused fundraising for core costs.
- **Public course demand:** Ongoing cost-of-living pressures may reduce discretionary spend on longer courses. *Mitigation:* adapting offer to shorter, lower-cost formats and expanding oversubscribed courses such as ceramics and Young Artists.
- **Fundraising:** Risk of over-reliance on one-off campaigns. *Mitigation:* strengthening the Patron scheme, diversifying trusts and foundations pipeline, and pursuing multi-year support.
- **Mermaid Court disposal:** Planning delays could affect ability to realise value. *Mitigation:* active engagement with planning consultants and trustees' oversight of timetable.
- **Events ramp-up:** Income from the new gallery, auditorium, and project space may take time to reach target levels. *Mitigation:* dedicated events strategy and competitive pricing structure.

#### d. Financial risk management objectives and policies

The Academy's main financial risks are:

- **Market risk** – demand for courses may be affected by wider economic climate.
- **Interest rate risk** – increased mortgage costs impact cash flow.
- **Liquidity risk** – low reserves increase vulnerability to shocks.
- **Credit risk** – risk of delayed payments from students and partners.

Management provides Trustees with regular management accounts, reforecasts, and cash flow projections. Financial decisions and corrective measures are reviewed at each Board meeting.

#### e. Principal funding

The Academy's principal funding sources remain student fees from academic and public courses, supplemented by income from events, venue hire, and creative days. Fundraising, including from trusts and foundation support, provides an essential contribution towards core costs and investment in new provision. The Hg Tech Hub funding for the Digital Suite represents a significant new stream of support, enabling outreach and digital learning programmes.

#### f. Review of the results

Total income for the year was £2.03m, compared with £1.86m in 2022–23. Whilst income from charitable activities had decreased, the charity benefits from a significant level of donations during the year; some of these were cash donations and others were donated assets which have been capitalised on the balance sheet.

Expenditure for the year was £2.11m, an increase on £1.91m in the previous year. It should be noted that the main reason for the rise in expenditure is the increase in rent costs to £298k (2023: £119k). This is as a result of the charity entering into the new Bankside campus

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#### For the year ended 31 August 2024

lease from January 2024; the rental charge includes lease incentive adjustments as explained in note 3 to the financial statements. From a cash perspective a peppercorn rent period until 30 June 2024 and then a reduced rent period for the next two years to 30 June 2026 have helped the charity manage the cost of transitioning to the new lease.

The result for the year is therefore a net deficit, or reduction in funds, of £75,923 (2023: £42,591).

While the deficit reflects continued financial pressures, underlying performance in public courses was strong, with over 3,500 enrolments. New commercial activities — including events, ceramics, and corporate creative days — generated additional earned income. Fundraising, while reduced from the exceptional levels of 2023, continued to secure substantial contributions towards the new building and core costs.

Cash flow remained under pressure due to limited reserves and ongoing mortgage obligations, but was actively managed throughout the year. The priority for 2025–26 is to stabilise operations at Bankside, rebuild reserves, and focus fundraising on core costs rather than capital.

#### Plans for future periods

The year ahead will be a period of consolidation and renewal for The Art Academy. Having successfully opened the Bankside campus, the priority is now to stabilise operations, strengthen financial resilience, and position the Academy for long-term sustainability.

Key priorities for 2025–26 are:

- **Completion of the Mermaid Court sale:** Securing planning permission and concluding the disposal of Mermaid Court remains central to restoring free reserves and achieving the financial stability required to support the Academy's long-term future.
- **Higher Education provision:** Building on the Academy's strong track record in student-centred teaching, work will continue to develop our academic courses. This will ensure that students continue to benefit from high-quality, practice-based study pathways, even in the face of wider regulatory challenges.
- **Rebuilding reserves:** Following the sale of Mermaid Court, the Trustees are committed to rebuilding reserves to the target level of £390,000, providing essential resilience and safeguarding the Academy's mission.
- **Expanding provision:** Growth in ceramics, digital courses, and the Young Artists programme will be supported, ensuring the Academy remains at the forefront of creative and skills-based learning. The Hg Foundation Tech Hub will enable further development of digital outreach, including the Saturday Club for local young people.
- **Events and commercial activity:** The Artists' Gallery, Project Space, and Auditorium will be developed into sustainable income streams, balancing public benefit with financial contribution. Corporate creative days and external events will be expanded, leveraging the Academy's prime location next to Tate Modern.
- **Fundraising:** With over £2.5m already raised for the Bankside campus over the past three years, fundraising will now focus on core costs, bursaries, and the completion of the Auditorium and Library. The Patrons' scheme, trusts and foundations, and corporate partnerships will be central to this effort.

Through these plans, the Trustees are confident that the Academy will continue to provide transformative opportunities for students, artists, and the community, while building the financial strength required to sustain its charitable mission for the next 25 years.

#### Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity 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 Charity and of its incoming resources and application of resources, including its income and expenditure, for that period.

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#### Trustees' report

For the year ended 31 August 2024

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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 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.

#### Disclosure of information to auditors

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

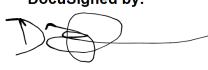
- as far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors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

#### Auditors

The auditors, UHY Hacker Young, 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 and signed on their behalf by:

Signed by:  
  
26F0B52589DC42A...  
**A Custis**  
Trustee

DocuSigned by:  
  
2088604D0CF24F3...  
**D J Fennell**  
Trustee

Date: 20 October 2025

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**Independent Auditors' Report to the Members of The Art Academy**

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**Opinion**

We have audited the financial statements of The Art Academy (the 'charity') for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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 2024 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.

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that the charitable company's ability to continue as a going concern is dependent on the sale of its Mermaid Court premises, and the timing of this, and then longer term how financial performance is improved to cover an increase fixed cost base. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

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**Independent Auditors' Report to the Members of The Art Academy (continued)**

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**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.

**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.

**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:

How 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:

- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the

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**Independent Auditors' Report to the Members of The Art Academy (continued)**

- operations of the charitable company, including the Charities Act 2011;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's accounts 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; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

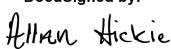
In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**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.

DocuSigned by:  
  
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**Allan Hickie BSc FCA (Senior statutory auditor)**  
for and on behalf of  
**UHY Hacker Young**  
Chartered Accountants  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 23 October 2025

**The Art Academy**  
**(A Company Limited by Guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Year Ended 31 August 2024**

	Note	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
<b>Income from:</b>					
Donations and legacies	4	489,729	50,000	539,729	51,604
Charitable activities	5	1,023,649	-	1,023,649	1,273,681
Other trading activities	6	467,885	-	467,885	536,267
Investments	7	1,236	-	1,236	1,300
<b>Total income</b>		<b>1,982,499</b>	<b>50,000</b>	<b>2,032,499</b>	<b>1,862,852</b>
<b>Expenditure on:</b>					
Raising funds		80,133	-	80,133	92,660
Charitable activities	8	2,028,289	-	2,028,289	1,812,783
<b>Total expenditure</b>		<b>2,108,422</b>	<b>-</b>	<b>2,108,422</b>	<b>1,905,443</b>
<b>Net movement in funds</b>		<b>(125,923)</b>	<b>50,000</b>	<b>(75,923)</b>	<b>(42,591)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		385,092	-	385,092	427,683
Net movement in funds		(125,923)	50,000	(75,923)	(42,591)
<b>Total funds carried forward</b>	19	<b>259,169</b>	<b>50,000</b>	<b>309,169</b>	<b>385,092</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 16 to 33 form part of these financial statements.

**The Art Academy**  
**(A Company Limited by Guarantee)**  
**Registered number: 03801729**

**Balance Sheet**  
**As at 31 August 2024**


	Note	2024 £	2023 £
<b>Fixed assets</b>			
Intangible assets	13	16,996	9,000
Tangible assets	14	4,221,676	1,668,644
		<u>4,238,672</u>	<u>1,677,644</u>
<b>Current assets</b>			
Stocks	15	54,226	54,226
Debtors	16	96,741	173,651
Cash at bank and in hand		125,723	169,642
		<u>276,690</u>	<u>397,519</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(772,954)	(643,178)
		<u>(496,264)</u>	<u>(245,659)</u>
<b>Net current liabilities</b>			
		<u>3,742,408</u>	<u>1,431,985</u>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	18	(3,433,239)	(1,046,893)
		<u>309,169</u>	<u>385,092</u>
<b>Total net assets</b>		<u><u>309,169</u></u>	<u><u>385,092</u></u>
<b>Charity funds</b>			
Restricted funds	19	50,000	-
Unrestricted funds	19	259,169	385,092
		<u>309,169</u>	<u>385,092</u>
<b>Total funds</b>		<u><u>309,169</u></u>	<u><u>385,092</u></u>

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 and signed on their behalf by:

Signed by:  
  
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**A Custis**

DocuSigned by:  
  
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**D J Fennell**

Date: 20 October 2025

The notes on pages 16 to 33 form part of these financial statements.



**The Art Academy**  
**(A Company Limited by Guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2024**

	<b>Note</b>	<b>2024 £</b>	<b>2023 £</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	21	176,501	94,015
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(10,752)	(9,000)
Purchase of tangible fixed assets		(1,061,809)	(27,914)
Interest received		1,236	1,300
<b>Net cash used in investing activities</b>		(1,071,325)	(35,614)
<b>Cash flows from financing activities</b>			
Cash inflows from new borrowing		155,000	-
Repayments of borrowing		(124,157)	(29,122)
New finance leases		950,839	-
Repayments of finance leases		(35,635)	-
Interest payable		(95,142)	(83,201)
<b>Net cash provided by/(used in) financing activities</b>		850,905	(112,323)
<b>Change in cash and cash equivalents in the year</b>		(43,919)	(53,922)
Cash and cash equivalents at the beginning of the year		169,642	223,564
<b>Cash and cash equivalents at the end of the year</b>	22	125,723	169,642

The notes on pages 16 to 33 form part of these financial statements

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**The Art Academy**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

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**1. General information**

The Art Academy is a charitable company limited by guarantee, registered in England and Wales. Its registered office is Mermaid Court, 165a Borough High Street, London, SE1 1HR.

The nature of the charity's operations, and its principal activity is to inspire and uplift society through art and art education, and to provide access to art experience for all the community.

**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 Art Academy 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 Trustees of The Art Academy carry out an annual assessment of the appropriateness of adopting the going concern basis in preparing the financial statements. This includes reviewing any material uncertainties that may affect the Academy's ability to continue operating for a period of at least twelve months from the date of approval of these accounts.

A key factor in this assessment remains the continued support of our banking partner, Nat West. While the balance sheet reflects net current liabilities of £496,264 - compared to a position of (£245,659 in net current liabilities the previous year - the structured repayment terms and stability of this banking facility are essential to managing short-term liquidity and overall financial resilience.

As of the approval date of these financial statements, enrolment across The Art Academy's public programme remains strong, with particularly successful terms following the move to the new Bankside Campus. The relocation has significantly contributed to visibility, reputation, and business stability. While Thursdays were originally removed from the timetable to allow for events, experience has shown that most event activity can now be accommodated without affecting course delivery.

In contrast, the Higher Education provision is undergoing a period of instability. Following the move to Bankside, The Art Academy applied for registration with the Office for Students (OfS). However, after several months with no progress, the OfS confirmed that the government had paused all current and future applications until at least August 2025. This has had a significant operational and financial impact. Our validating partner, The Open University (OU), has now required us to pause all new enrolments for 2025/26, although existing students remain unaffected. The partnership with the OU remains in place, but the pause in intake has required a rethinking of the Academy's long-term academic model.

In response, fundraising and commercial revenue generation have become core priorities. The Fundraising Committee has remained active, and this year's annual Christie's-style auction was successfully held at the new building. In addition, the Academy has secured a £250,000 Community Infrastructure Levy (CIL) grant from Southwark Council (pending release), and a partnership with the Hg Foundation is now underway. This includes the establishment of a Creative Tech Hub and support for expanded outreach activity.

The 25-year lease on the Bankside Campus, signed in January 2024, remains one of the Academy's most significant strategic achievements. While the majority of the fit-out is complete, final works are still required for the storage area and shop, which are contingent on the release of Community Infrastructure Levy (CIL) grant funds from Southwark Council. The auditorium and library also remain unfunded. Despite these gaps, the campus is already delivering significant value, with increased bookings for gallery hire, events, and corporate functions. These are now being secured well into the 2025–26 period. The site is now fully accessible and Equality Act compliant.

Forecasts for 2025–26 are under strain due to the pausing of HE enrolments. This has removed an anticipated income stream from student loans and international students. As a result, the forecasts now project a deficit. The sale of Mermaid Court — a central part of the Academy's long-term financial strategy — is therefore essential to ensure the organisation

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**The Art Academy**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

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**2. Accounting policies (continued)**

**2.2 Going concern (continued)**

remains a going concern.

The Academy is in the process of selling its Mermaid Court site, with a conditional offer of £2.6 million and planning progressing positively. However, the timing and final value remain subject to external factors, including the planning process and market conditions. To ensure continuity, the Trustees are also exploring short-term loan options, including from committed patrons.

The Academy is currently enjoying a period of reduced rent at the Bankside Campus, which finishes in June 2026. Moving into the full rent period will naturally impact on cash flow, and management are working hard to ensure that the Academy is able to generate sufficient income to come the increased costs. Furthermore, the charity is currently in negotiations with its landlord to reduce the level of rent payable under the lease for its new premises.

The dependency on yet uncertainty over the timing of the sale of Mermaid Court, and then longer term how the Academy improves financial performance to cover an increase fixed cost base, present further material uncertainties that may cast doubt on the Academy's ability to continue as a going concern. Nevertheless, the Trustees are confident in the underlying value of Mermaid Court, the success of the Bankside Campus launch, and the strength of the Academy's commercial and fundraising strategies. On this basis, they believe it remains appropriate to prepare the financial statements on a going concern basis.

**2.3 Income**

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

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**2.4 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 Charity 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 Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

**2.5 Allocation and apportionment of costs**

Detailed management accounts are kept with costs allocated on a causal basis and checked against budgets. The level of detail is considered too great for published accounts. In these financial statements cost allocations are the summaries of that management information. Matching restricted costs with relevant funds is made as accurately as possible by referring to the terms of the donor. The administration cost allocation between fundraising activities, teaching and resident artists in the published SOFA is made on the basis of respective turnover. Property costs are allocated to the activities by dedicated floor space.

**The Art Academy**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

**2. Accounting policies (continued)**

**2.6 Intangible assets and amortisation**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software	-	20 %
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**2.7 Tangible fixed assets and depreciation**

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

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, using the straight-line method. Depreciation is provided on the following basis:

Freehold property	-	2%
Long-term leasehold property	-	2% Over lease terms
Plant and machinery	-	20%
Fixtures and fittings	-	20%
Computer equipment	-	20%

***Leasehold improvements***

Expenditure on leasehold improvements is capitalised where it is probable that the future economic benefits associated with the expenditure will flow to the charity and the cost can be measured reliably. Leasehold improvements are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is provided to write off the cost of leasehold improvements, less estimated residual value, on a straight-line basis over the shorter of the lease term or the useful life of the asset. Residual value is normally assumed to be nil, as the assets revert to the landlord at the end of the lease.

Expenditure on repairs, maintenance, or day-to-day servicing of leasehold property is recognised in the Statement of Financial Activities when incurred. Where subsequent expenditure represents an enhancement of the economic benefits of the property, it is capitalised as an addition to leasehold improvements and depreciated over the appropriate period.

**2.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**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.

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**The Art Academy**  
**(A Company Limited by Guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

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**2. Accounting policies (continued)**

**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 Charity 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.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

**2.12 Financial instruments**

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

**2.13 Finance leases and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Charity. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.14 Operating leases**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of benefits received. Lease incentives, including rent-free and reduced rent periods, are spread on a straight-line basis over the lease term. Where a lease contains break clauses, the expected lease term used for straight-line allocation is the non-cancellable period unless it is reasonably certain that the break option will not be exercised.

**2.15 Pensions**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**2.16 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 Charity 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 Charity 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 Art Academy**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

**3. Critical accounting estimates and areas of judgment**

Preparation of the accounts requires the Trustees and management to make significant judgments and estimates. The items in the accounts where these judgments have been made include: the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge; the provision against doubtful and bad debts in respect of course fees; estimates in respect of accrued expenditure.

The following critical accounting estimates and judgements require a further explanation:

**Bankside Campus - calculation of minimum lease payments**

The charity holds a long-term property operating lease which includes an initial peppercorn rent period, followed by a period of reduced rent and thereafter rent at a contracted market rate. Rent reviews occur every five years, but the lease terms specify that rent cannot fall below the current contracted rent.

In applying FRS 102, management has judged that the peppercorn and reduced rent periods represent lease incentives. Accordingly, the total fixed minimum lease payments over the non-cancellable lease term have been allocated on a straight-line basis so as to recognise a consistent annual lease expense in the Statement of Financial Activities. This treatment gives rise to an accrual in the early years of the lease as the straight-line expense exceeds the actual cash rent payable, which will unwind as the lease progresses.

The lease also contains landlord and tenant break options at certain points during the term. Management has considered the likelihood of these being exercised in assessing the appropriate lease term for accounting purposes. Based on current information and the charity’s operational dependence on the property, management considers it appropriate to assume that the lease will run to its contractual expiry date unless and until a break is exercised. Should a break option be exercised earlier, the straight-line expense profile would be recalculated over the shortened lease term and any remaining accrual or prepayment adjusted through the Statement of Financial Activities at that time.

**Lease incentives and leasehold improvements**

In preparing these financial statements, the trustees have exercised judgement in determining the appropriate accounting treatment of the significant fit-out works to the new premises which were undertaken and funded directly by the landlord/developer as part of the lease arrangements. The trustees have considered the substance of the transaction and concluded that these works represent a lease incentive rather than a donation in kind. This judgement was based on the fact that the works were provided by the landlord as part of the negotiated lease package, and entitlement to them was conditional upon the charity entering into the lease.

Accordingly, the value of the works has been capitalised as leasehold improvements with a corresponding deferred lease incentive liability recognised. The lease incentive is being released to the Statement of Financial Activities over the term of the lease as a reduction of rental expense, while the leasehold improvements are depreciated over the shorter of the lease term or their useful economic life. The net effect of these accounting treatments is that the SoFA reflects the economic substance of the lease arrangements, with the timing of income and expense recognition dependent on the assumptions applied to the lease term and useful life of the improvements.

**4. Income from donations and legacies**

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Donations and voluntary grants	489,729	50,000	539,729	51,604
<i>Analysis of 2023 total by fund</i>	51,604	-	51,604	

**The Art Academy**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

**5. Income from charitable activities**

	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>	<i>Total funds 2023 £</i>
Teaching art classes	1,023,526	1,023,526	1,265,155
Resident artists' studios	123	123	8,526
<b>Total 2024</b>	<b>1,023,649</b>	<b>1,023,649</b>	<b>1,273,681</b>
<i>Analysis of 2023 total by fund</i>	<i>1,273,681</i>	<i>1,273,681</i>	

**6. Income from other trading activities**

**Income from fundraising events**

	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>	<i>Total funds 2023 £</i>
Christie's auction	252,900	252,900	198,869
Creativity team building	2,450	2,450	6,770
Sale of art materials	56,388	56,388	79,746
Other miscellaneous income	156,147	156,147	250,882
	<b>467,885</b>	<b>467,885</b>	<b>536,267</b>
<i>Analysis of 2023 total by fund</i>	<i>536,267</i>	<i>536,267</i>	

**7. Investment income**

	<b>Unrestricted funds 2024 £</b>	<b>Total funds 2024 £</b>	<i>Total funds 2023 £</i>
Investment income	1,236	1,236	1,300
<i>Analysis of 2023 total by fund</i>	<i>1,300</i>	<i>1,300</i>	

The Art Academy  
(A Company Limited by Guarantee)

Notes to the Financial Statements  
For the Year Ended 31 August 2024

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2024 £	Total 2024 £	Total 2023 £
Teaching art classes	2,028,289	2,028,289	1,812,783
Analysis of 2023 total by fund	1,812,783	1,812,783	

9. Analysis of expenditure by activities

	Activities undertaken directly 2024 £	Support costs 2024 £	Total funds 2024 £	Total funds 2023 £
Teaching art classes	611,625	1,416,664	2,028,289	1,812,783
Analysis of 2023 total	659,630	1,153,153	1,812,783	



**The Art Academy**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

**9. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Total funds 2024 £</b>	<i>Total funds 2023 £</i>
Course material	100,518	94,318
Tutor costs	366,002	417,452
Marketing & advertising	53,200	45,426
Other course material	90,866	78,702
Shop material	1,039	23,732
<b>Total 2024</b>	<b>611,625</b>	<b>659,630</b>

**Analysis of support costs**

	<b>Total funds 2024 £</b>	<i>Total funds 2023 £</i>
Staff costs	667,738	622,520
Administration costs	59,621	56,941
Legal and professional costs	57,339	40,210
Property expenses	597,642	392,300
Sundry costs	4,924	27,039
Bank charges	29,400	14,143
<b>Total 2024</b>	<b>1,416,664</b>	<b>1,153,153</b>

The increase in property expenses above arises primarily due to increased rental costs following the move to the new leasehold premises at the Bankside Campus, which includes the recognition of lease incentive charges as outlined in note 3.

**10. Auditors' remuneration**

	<b>2024 £</b>	<i>2023 £</i>
Fees payable to the Charity's auditor for the audit and preparation of the Charity's annual accounts (inclusive of irrecoverable VAT for 2023)	13,500	10,800

**The Art Academy**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

**11. Staff costs**

	<b>2024</b>	<i>2023</i>
	<b>£</b>	<i>£</i>
Wages and salaries	607,226	572,736
Social security costs	42,972	35,783
Contribution to defined contribution pension schemes	17,540	14,001
	<u>667,738</u>	<u>622,520</u>

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

	<b>2024</b>	<i>2023</i>
	<b>No.</b>	<i>No.</i>
Executive	6	6
Administration	11	11
Technical services	3	3
	<u>20</u>	<u>20</u>

No employee received remuneration amounting to more than £60,000 in either year.

The Key Management Personnel of The Art Academy comprise the Trustees and senior managers as listed on Page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) and other payments paid to key management personnel for their services to the Art Academy was £162,216 (2023: £81,931). The increase compared to the prior year is due to taking a different approach this year which has resulted in more individuals being classed as key management.

**12. Trustees' remuneration and expenses**

The Principal is paid remuneration, and receives pension benefits, from his employment with the Charity. The remuneration paid is solely in respect of services provided under his contract of employment, with no remuneration being received for serving as a trustee. The comparative figure relates entirely to the period after his appointment as a trustee on 6 July 2023. Amounts paid during the year were:

		<b>2024</b>	<i>2023</i>
		<b>£</b>	<i>£</i>
R Pepper	Remuneration	50,938	8,490
	Pension contributions paid	6,159	708

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

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**Notes to the Financial Statements**  
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**13. Intangible assets**

	Computer software £
<b>Cost</b>	
At 1 September 2023	9,000
Additions	10,752
At 31 August 2024	19,752
<b>Amortisation</b>	
Charge for the year	2,756
At 31 August 2024	2,756
<b>Net book value</b>	
At 31 August 2024	16,996
At 31 August 2023	9,000

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**14. Tangible fixed assets**

	Freehold property £	Long-term leasehold property £	Fixtures, fittings and computer equipment £	Fixtures, fittings and computer equipment £	Total £
<b>Cost</b>					
At 1 September 2023	1,820,306	25,567	152,388	194,135	2,192,396
Additions	-	2,555,444	1,095	51,818	2,608,357
Disposals	-	(10,022)	(127,645)	(57,321)	(194,988)
At 31 August 2024	1,820,306	2,570,989	25,838	188,632	4,605,765
<b>Depreciation</b>					
At 1 September 2023	216,306	10,819	144,233	152,395	523,753
Charge for the year	27,000	3,109	4,423	20,045	54,577
On disposals	-	(10,022)	(126,899)	(57,320)	(194,241)
At 31 August 2024	243,306	3,906	21,757	115,120	384,089
<b>Net book value</b>					
At 31 August 2024	1,577,000	2,567,083	4,081	73,512	4,221,676
At 31 August 2023	1,604,000	14,748	8,155	41,740	1,668,643

Included in freehold property is land at cost of £455,077 which is not depreciated.

**15. Stocks**

	2024 £	2023 £
Goods for resale	54,226	54,226

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**16. Debtors**

	<b>2024</b>	<i>2023</i>
	<b>£</b>	<i>£</i>
<b>Due within one year</b>		
Trade debtors	43,645	<i>123,068</i>
Other debtors	27,737	<i>26,035</i>
Prepayments	25,359	<i>24,548</i>
	<u>96,741</u>	<u><i>173,651</i></u>

**17. Creditors: Amounts falling due within one year**

	<b>2024</b>	<i>2023</i>
	<b>£</b>	<i>£</i>
Bank loans	75,050	<i>61,919</i>
Trade creditors	133,983	<i>262,095</i>
Other taxation and social security	10,990	<i>11,267</i>
Obligations under finance lease contracts	170,309	<i>-</i>
Other creditors	33,537	<i>49,419</i>
Accruals and deferred income	349,085	<i>258,478</i>
	<u>772,954</u>	<u><i>643,178</i></u>

	<b>2024</b>	<i>2023</i>
	<b>£</b>	<i>£</i>
Deferred income at 1 September 2023	209,963	<i>110,224</i>
Resources deferred during the year	197,965	<i>209,963</i>
Amounts released from previous periods	(209,963)	<i>(110,224)</i>
	<u>197,965</u>	<u><i>209,963</i></u>

Deferred income at the year-end comprised course fee income received in advance of £197,965 (2023: £209,963).

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**18. Creditors: Amounts falling due after more than one year**

	<b>2024</b>	<i>2023</i>
	<b>£</b>	<i>£</i>
Bank loans	1,161,424	<i>1,046,893</i>
Net obligations under finance lease contracts	744,895	<i>-</i>
Accruals	1,526,920	<i>-</i>
	<u>3,433,239</u>	<u><i>1,046,893</i></u>

Accruals falling due after more than one year relate to lease incentives. The approach taken with lease incentives is explained in note 3.

Included within the bank loans above are amounts falling due as follows:

	<b>2024</b>	<i>2023</i>
	<b>£</b>	<i>£</i>
<b>Between one and two years</b>		
Bank loans	<u>214,109</u>	<u><i>61,919</i></u>
<b>Between two and five years</b>		
Bank loans	<u>177,327</u>	<u><i>185,757</i></u>
<b>Over five years</b>		
Bank loans	<u>769,988</u>	<u><i>799,217</i></u>

The maturity of net obligations under finance lease contracts falling due after more than one year is:

Between one and two years	180,814	<i>-</i>
Between two and five years	564,081	<i>-</i>

A 20 year arrangement was agreed with Nat West bank and signed on 22 March 2021. The 20 year mortgage loan is secured on the charity's freehold property at 165a Borough High Street and is repayable by monthly instalments, the full balance including interest will be repaid in March 2041.

The obligations under the finance lease contracts are secured on the assets concerned, and the company's rights to the assets revert to the lessor or vendor in the event of default.

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**Notes to the Financial Statements**  
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**19. Statement of funds**

**Statement of funds - current year**

	<b>Balance at 1 September 2023 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Balance at 31 August 2024 £</b>
<b>Unrestricted funds</b>				
General Funds	385,092	1,982,499	(2,108,422)	259,169
<b>Restricted funds</b>				
Foyle Foundation	-	50,000	-	50,000
<b>Total of funds</b>	<b>385,092</b>	<b>2,032,499</b>	<b>(2,108,422)</b>	<b>309,169</b>

The restricted Foyle Foundation fund relates to a grant received during the year that must be used towards the fit out costs of the new Bankside campus. Depreciation has not been charged on the capitalised works at the Bankside campus for 2023/24 since the building was not brought into use until September 2024. In future years depreciation related to the assets purchased by this grant will be recorded against the fund, which will consequentially reduce over the life of the assets concerned.

**Statement of funds - prior year**

	<i>Balance at 1 September 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 August 2023 £</i>
<b>Unrestricted funds</b>				
General Funds	427,683	1,862,852	(1,905,443)	385,092

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**Notes to the Financial Statements**  
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**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	<b>Unrestricted funds 2024 £</b>	<b>Restricted funds 2024 £</b>	<b>Total funds 2024 £</b>
Tangible fixed assets	4,171,676	50,000	4,221,676
Intangible fixed assets	16,996	-	16,996
Current assets	276,690	-	276,690
Creditors due within one year	(772,954)	-	(772,954)
Creditors due in more than one year	(3,433,239)	-	(3,433,239)
<b>Total</b>	<b>259,169</b>	<b>50,000</b>	<b>309,169</b>

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>
Tangible fixed assets	1,668,644	1,668,644
Intangible fixed assets	9,000	9,000
Current assets	397,519	397,519
Creditors due within one year	(643,178)	(643,178)
Creditors due in more than one year	(1,046,893)	(1,046,893)
<b>Total</b>	<b>385,092</b>	<b>385,092</b>



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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2024**

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

	<b>2024</b> <b>£</b>	<b>2023</b> <b>£</b>
Net expenditure for the period (as per Statement of Financial Activities)	(75,923)	(42,591)
<b>Adjustments for:</b>		
Depreciation and amortisation charges	57,331	64,394
Loss on disposal	747	-
Interest payable	95,142	83,201
Decrease/(increase) in stocks	-	(26,470)
Decrease/(increase) in debtors	76,910	(53,961)
Increase in creditors	136,745	70,742
Interest received	(1,236)	(1,300)
Donated fixed assets	(113,215)	-
<b>Net cash provided by operating activities</b>	<b>176,501</b>	<b>94,015</b>

**22. Analysis of cash and cash equivalents**

	<b>2024</b> <b>£</b>	<b>2023</b> <b>£</b>
Cash in hand	188	229
Notice deposits (less than 3 months)	125,535	169,413
<b>Total cash and cash equivalents</b>	<b>125,723</b>	<b>169,642</b>

**23. Analysis of changes in net debt**

	<b>At 1 September 2023 £</b>	<b>Cash flows £</b>	<b>New finance leases £</b>	<b>At 31 August 2024 £</b>
Cash at bank and in hand	169,642	(43,919)	-	125,723
Debt due within 1 year	(61,919)	(13,131)	-	(75,050)
Debt due after 1 year	(1,046,893)	(114,531)	-	(1,161,424)
Finance leases	-	35,635	(950,839)	(915,204)
	<b>(939,170)</b>	<b>(135,946)</b>	<b>(950,839)</b>	<b>(2,025,955)</b>

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**24. Contingent liabilities**

There is a dispute in place with the landlord of the new Bankside premises over the service charges payable for the period between the signing of the lease and the charity's occupation.

**25. Pension commitments**

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charitable company to the fund.

The pension cost charge represents contributions payable by the group to the fund and amounted to £17,540 (2023 - £14,001). Payments of £3,994 (2023: £nil) were payable to the fund at the balance sheet date and are included in creditors.

**26. Operating lease commitments**

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

	2024 £	2023 £
Not later than 1 year	208,428	74,739
Later than 1 year and not later than 5 years	241,379	56,438
Later than 5 years	8,924,763	-
	<u>9,374,570</u>	<u>131,177</u>

The commitments above include £9,325,308 in relation to the rental lease payments on the new Bankside campus, disclosed on a cash basis. Management are currently in negotiations with the landlord with the aim of reducing the rent.

In addition to the above operating lease commitments, the charity is also liable for service charge and other variable costs under these leases, which are subject to annual review based on actual costs incurred by the landlord.

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2024 £	2023 £
Operating lease rentals	<u>300,716</u>	<u>141,193</u>

The operating lease rental charges include premises rent, and so for 2024 include the lease incentive adjustments explained in note 3.

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**Notes to the Financial Statements**  
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**27. Related party transactions**

The Charity has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the Charity at 31 August 2024.

**Income Transactions**

During the year, the Charity received income totalling £37,474 from Trustees. This income was received in respect of fundraising event tickets and auction pledges made at charity auction dinner events.

These amounts were freely given, with no known or implied terms or conditions attached.

**Expenditure Transactions**

During the year 1 (2023 - 2) Trustee received commission on the sale of art work at fundraising events totalling £2,275 (2023 - £3,994).

**Other Related Party Transactions**

During the year, the charity received a loan from Alan Custis, a Trustee, to support the fit-out costs of the new premises at 185 Park Street. The loan is repayable upon the sale of Mermaid Court (169a Borough High Street, SE1 1HR), or earlier at the discretion of the Art Academy. The loan is interest-free and may be repaid in part or in full without penalty. The outstanding balance at the year-end was £25,000. No guarantees were provided, and the transaction was not conducted on arm's length terms.