

THE ROYAL DRAWING SCHOOL

England & Wales · Charity number 1101538

Details

Other names	THE PRINCE'S DRAWING SCHOOL
Status	Registered
Legal form	Charitable company
Company number	04971133
Registered	2004-01-14
Register	View on the Charity Commission register

Contact

Address	19-22 Charlotte Road London EC2A 3SG
Phone	02076138568
Email	admin@royaldrawingschool.org
Website	www.royaldrawingschool.org

Activities

Objects: THE OBJECTS OF THE CHARITY ARE SUCH PURPOSES AS ARE CHARITABLE UNDER THE LAW OF ENGLAND AND WALES AND IN PARTICULAR (BUT WITHOUT LIMITATION) THE ADVANCEMENT OF THE EDUCATION OF THE PUBLIC IN THE ARTS OF DRAWING, PAINTING, FINE ART, SCULPTURE, PRINT MAKING, FASHION AND DESIGN.

Activities: To facilitate and promote the practice of drawing from observation; we believe that this is crucial for all aspects of visual learning, thinking and practice. We aim to fill a gap left by the steady erosion of observational drawing from the study of art in higher education and in schools by offering tuition and resources to art students, artists, children and the public.

Classification

- **How:** Makes Grants To Individuals, Provides Buildings/facilities/open Space, Provides Services
- **What:** General Charitable Purposes, Education/training, Arts/culture/heritage/science
- **Who:** Children/young People, The General Public/mankind

Geography

- **Area of benefit:** NOT DEFINED. IN PRACTICE WORLDWIDE.
- Scotland
- Throughout London

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£4,411,082	£3,786,130	£19,065,624	48
2023-08-31	£3,647,520	£3,791,629	£17,741,275	43
2022-08-31	£3,169,508	£3,161,060	£17,538,038	51
2021-08-31	£3,039,209	£3,252,293	£18,394,840	46
2020-08-31	£3,092,986	£3,109,468	£13,805,194	60

Trustees

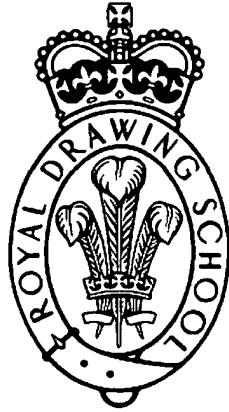
Name	Role	Appointed
Dr Mary Wellesley		2023-06-21
Elizabeth Sorensen		2023-06-21
Fope Adelowo		2021-03-24
Glenda Adrianne Bailey OBE DBE		2020-06-18
John Booth		2025-06-25
Mariam Fazal Faruqi		2023-06-21
Matthew Rice		2020-06-18
NICHOLAS JOHN VETCH		2021-01-27
Professor Eileen Hogan		2018-02-28
Timothy Aidan John Knox		2023-06-21

THE ROYAL DRAWING SCHOOL

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Accounts

Company number 4971133

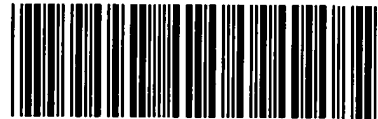


ROYAL
DRAWING
SCHOOL

THE ROYAL DRAWING SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

THURSDAY



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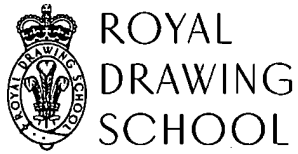
03/04/2025

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COMPANIES HOUSE

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**THE ROYAL DRAWING SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**



THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024

The Trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charitable company for the year ended 31 August 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number:	4971133 (Registered in England & Wales)
Registered Charity number:	1101538
Registered Office:	19-22 Charlotte Road, London EC2A 3SG
Founding Royal Patron:	HM King Charles III

Trustees who served during the year:

Sir Charles Saumarez Smith	Chair
Fope Adelowo	
Dame Glenda Bailey	
Mariam Faruqi	
Professor Eileen Hogan	
Timothy Knox	
The Hon David Macmillan	Deputy Chair
Matthew Rice	
Elizabeth Sorensen	
Nicholas Vetch	Chair of the Finance and Audit Committee
Dr. Mary Wellesley	

**THE ROYAL DRAWING SCHOOL
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Executive Team

Catherine Goodman
Julia Balchin

Founding Artistic Director
Principal

Auditors: Haysmac LLP, 10 Queen Street Place, London,
EC4R 1AG
Bankers: National Westminster Bank Plc, Cavell House,
2a Charing Cross Road, London WC2H 0PD

OBJECTIVES AND ACTIVITIES

Purposes and aims

Our charity's purposes as set out in the company's memorandum of association are to benefit the public through the advancement of education in the arts of drawing, painting, sculpture, and print making.

The aim of our charity is to raise the standard and profile of observational drawing and improve accessibility to high quality drawing tuition. This aim fully reflects the purposes the charity was established to deliver.

Ensuring our work delivers our aims

We review our aims, objectives, and activities every year. This review looks at what we achieved and the outcomes of our work in the previous year. We look at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. Our review also helps us to ensure that our aims, objectives, and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, we consider how planned activities will contribute to the aims and objectives we have set.

The focus of our work

Our main objective for the year continued to be to raise the standard and profile of observational drawing. Our programmes are taught by a teaching faculty of over 100 practising artists, with 5,315 course bookings by c.2,500 students across 25 countries.

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The main activities towards meeting this objective were:

The Drawing Year – up to 30 students are accepted each year onto a postgraduate level, fifteen-month course in drawing. They each receive a full scholarship to cover all their course fees, tutorials, lectures, and forums to ensure accessibility and remove financial barriers to high quality art education. Each student also receives a free studio space in which to undertake their own artistic practice. In addition to their scholarship place, some of the students also receive a new means tested maintenance grant to assist with living expenses. In establishing this “London Living Grant” we are aiming to extend access to The Drawing Year to talented students who may otherwise find the cost of relocating to and living in London an obstacle to their ability to undertake the course.

Public Courses – consisting of three terms of subsidised day and evening courses, open to artists, creatives and members of the public interested in drawing, taught at all levels. There are also holiday courses at Easter and Christmas, as well as a summer school. Courses are held at our Shoreditch studio, as well as in the principal museums and galleries, and outdoor spaces across London. This is a fee-paying programme, however a comprehensive range of concessions, discounts and free places are offered to approximately 20% of the Public Programme to ensure that all courses offered are affordable and available to those interested in drawing from observation irrelevant of financial circumstance or background. Those eligible for concessions include people over 60, local residents in Hackney and Tower Hamlets, individuals on job seekers allowance or on disability support, art students and art teachers.

The Young Artists Programme – providing serious and sustained drawing teaching for talented and committed young people aged from 10 to 18. Full and partial scholarship support is offered to students on a means tested basis. Classes take place every week during term-time and are taught by alumni of our Drawing Year programme. The Young Artist programme also serves as Teacher Training programme for the graduates of The Drawing Year who undergo a two-year teacher training programme to develop the next generation of artist who can teach drawing. Many of the artist teachers go on to teach in school and universities across the UK and at RDS public and postgraduate level programme, with half the RDS tuition now carried out by RDS alumni. In 2022 we launched a new strand of the Young Artist programme running full scholarship, after school clubs, in partnership with state and free schools in disadvantaged London Boroughs.

Online Drawing Programme – the School has continued to offer live online teaching courses, extending our teaching to a national and international audience. The online programme supports our charitable mission by making our high-quality drawing courses accessible to those unable to attend our studios in person due to disability, illness, distance, or working or caring commitments. The programme enables us to reach isolated individuals and communities, and areas of the UK with limited access to arts education and venues, as well as developing an international audience, with students attending from 25 countries worldwide.

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Courses are fee paying with means tested concessions and bursaries available to ensure the programme is accessible to all.

We are developing a new strand of digital resources, the Living Library which will launch next academic year, a digital archive capturing the teaching and practise of artists that have contributed to the School since its inception in 2000.

Residencies

The School offers a wide range of national and international drawing, painting, and teaching residencies, giving artists opportunities to progress their work in varied settings. In 2023-24 120 artists attended our residencies. We send RDS alumni and faculty on fully funded residencies in Scotland and Wales, France, Switzerland Italy, USA (LA and New York), India, Antigua and Jamaica. Each year we welcome students from the USA to our studios in London for three months. Additionally, we host students from regional UK universities and partner US universities to our residency programme at Dumfries House in Scotland.

STRATEGIC REPORT - ACHEIVEMENTS AND PERFORMANCE

All our charitable activities focus on raising the standard and profile of observational drawing through teaching and practice and are undertaken to further our charitable purposes for the public benefit.

The School has established itself as a valued teaching resource, within the landscape of UK art education. The School aims to make it possible for anyone with a talent and passion to access high quality drawing tuition irrelevant of financial circumstance or background, and is committed to removing financial and social barriers to accessing high quality art education

The School is progressing a five-year plan and financial model which it first embarked upon in 2020/21. The plan ensures the School's long-term sustainability and financial security. The success of the strategy is measured both against our educational and charitable objectives as well as short- and long-term financial goals. The outcomes at the end of the financial year 2023-2024 are ahead of the strategy for year four and the budget set for 2024-2025 follows the plan for the fourth year. A new five-year plan to 2030 is being developed.

The Drawing Year 2022/23

The Drawing Year 2022/23 concluded in December 2023 and new class of 2023/24 commenced in September 2023, culminating in the end of year awards and exhibitions at Christie's and at Shoreditch in November and December 2024.

Each Drawing Year consists of a taught component from September to June followed by five months of studio practice. Students receive a minimum of 3.5 days tuition in the teaching terms and can access 5 days tuition weekly. When not in taught sessions, students continue

**THE ROYAL DRAWING SCHOOL
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their practice in their personal studio space provided by the School at Space Studios in Hackney. In the final six months of the course students work towards their end of year exhibition and assessment and participate in the 'Professional Development' programme for outgoing students, with some students beginning RDS teacher training with the Young Artist programme.

The External Assessment Board (members listed on page 13) assessed all the student's work and awarded the annual prizes on merit. Additionally, they carry out a review of checks and measures on RDS delivery, including academic and artistic content and student support. They commented on the high quality of student work in the year across the board and all students passed the year end assessment.

Bursaries and Student Support

We have introduced a London Living Grant of up to £3,000 per student to support students with the increasing cost of living, and to support students to relocate to London to take up their place. 15 students received the Grant. There are further means tested hardship and bursary funds available on application.

Student recruitment

The application deadlines for the Drawing Year falls in April. The recruitment process starts in November for admission in the following year.

We are continuing to improve the recruitment process in line with our Equity, Diversity, and Inclusion objects to remove any barriers to entry through financial support and portfolio mentoring as required. This year we saw an increase of 6% in applicants to 530, the highest to date, and an increase in the ethnic diversity of the 30 students both applying and being accepted onto the course.

EQUITY, DIVERSITY, AND INCLUSION

The School has established an Equity, Diversity and Inclusion Committee with the aim to champion and promote an inclusive culture, a supportive and diverse community, and a safe, welcoming and open forum for matters around EDI to be addressed.

The Committee holds the School accountable going through the school's EDI Action Plan looking at desired outcomes and ongoing activities ensuring EDI is embedded across all avenues namely:

- Governance and Strategy
- Training and Policy
- Curriculum and Content
- Recruitment – Staff & Faculty

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- Student Experience and Accessibility
- Student Recruitment
- Marketing and Communications

The meeting is also an opportunity to discuss emerging issues and for council members to give feedback or share observations.

The School has made progress in accessibility to its building and its courses, with disabled access improvements and the provision of captioned online courses for

ANNUAL REVIEW

Public Courses: In-Person

More than 180 part time 10- or 5-week (daytime and evening) courses were delivered in the academic year. Public courses ran at the School's own studios, as well as in the principal museums and galleries, and out and about in, London. Occupation levels were good, and we took more in-person bookings than pre-covid years, with 3,285 bookings. Our -public courses are subsidised to ensure the widest possible access to tuition, within the School's overall funding envelope. The School was able to maintain fees at competitive rates throughout the year, and to offer an extensive matrix of significant fee concessions as summarized in the table below.

	Discount %
Full-time BA students studying for a degree in Fine Art	75%
Full-time practicing fine artists under 40 years of age	75%
Primary and secondary school teachers who teach art	50%
Individuals on job seekers allowance	50%
Individuals who receive disability support	50%
Tower Hamlets and Hackney residents	25%
Tower Hamlet and Hackney businesses	25%
NHS Staff	20%
Individuals over the age of 60	10%

The total value of concessions distributed in the year to in-person and online students was £84,473.

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Online Drawing Programme

Alongside our in-person courses, we ran 156 online courses in 2023/2024, with 937 course bookings over the year. Ten and five-week drawing courses ran (both daytime and evening), available to the public, alongside a full time 'Online Drawing Development Year' course. Courses were fee paying with concessions and scholarships available to ensure accessibility.

The School conducted the first courses under our newly developed "Live Broadcast Hub".

The online programme was taught by a combination of Senior Faculty and Alumni faculty, ensuring training of alumni teachers, fulfilling a further School objective. Students participated from a wide range of UK regions and 25 different countries.

The Young Artists Programme (2023 - 2024)

Taught by alumni of the School's Drawing Year postgraduate level programme, our Young Artists Programme of weekly classes is designed for young persons aged from 10 to 18, with a talent and passion for drawing. The programme enjoyed a successful year. 909 students attended the 60 courses held in the Autumn, Spring and Summer Terms, benefiting from the serious and sustained drawing tuition offered by our alumni faculty.

Classes were held in our own premises and at a range of important cultural venues including the National Gallery. We also continued to run courses online and in Norwich, and New Cumnock in Scotland.

We taught 184 students on our 10 holiday courses (Winter, Easter and Summer).

The Young Artists Exhibition took place in July with over 100 submissions from Young Artists across our courses.

We also launched a new strand of the Young Artist programme running full scholarship, after school clubs, in partnership with state and free schools in disadvantaged London Boroughs.

6 RDS alumni successfully completed their teacher training as part of the programme.

Exhibitions

Throughout 2023/24, the School continued to run a successful programme of exhibitions. The Drawing Year 2022 were represented at an end of year exhibition at Christie's, followed by a larger exhibition at our gallery in the School and our Young Artists also held a summer exhibition in the School's gallery – all exhibitions had record attendance levels.

This was the final year of the School's prestigious Sir Denis Mahon Award, and we are grateful for their support over the past decade – each year, one outgoing Drawing Year graduate receives the £10k award to support a yearlong residency culminating in a solo exhibition. The

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prize winner is selected by the External Assessment Board. For 2023/24 the School launched a new award, The Christie's Award, with a prize value of £15k - the recipient will exhibit their work at Christie's in London as part of the award in 2025.

We received funding to develop an exhibitions programme to raise the profile of the School, creating a window into the School and our work. The exhibition programme provides opportunity for our alumni and helps raise income for the School and artists. Working with guest curators, the programme aims to show the very best in both emerging and established, national and international artists with drawing at the centre of their practice. Three curated special exhibitions will be delivered as part of the funding across 2024 and 2025. The first in the series opened in June 2024, 'Drawn Together' is a mixed show of RDS alumni and was the highest grossing exhibition to date. The School acts as disclosed agents for the artists.

STRATEGIC REPORT - FINANCIAL REVIEW

In 2020, Trustees committed to a new five-year strategy and financial model to secure our long term financial security and sustainability, migrating us to a position which grows reserves and protects the Endowment Fund. Total investment returns allocated to income from the Endowment were reduced to 3% for the year.

The School has an Endowment Fund currently valued at £14.9 million which has grown from donations and investments since its inception in 2014 with an initial £7.5 million.

The School's balance sheet shows total net assets at 31st August 2024 of £ 19,065,264 (2023: £17,741,275).

Income for the year is a key performance indicator and totalled £4,411,082 (2023: £3,647,520).

Principal sources of other funding arose from donations, fees charged to students attending the School's public and online courses and artwork commission and returns on investments.

Our income comprised of:

	2024	2023
Donations	£1,976,432	£2,222,736
Educational activities	£1,474,133	£1,355,835
Investments	£960,517	£68,949
Total	£4,411,081	£3,647,520

Expenditure for the year totalled £ 3,786,130 (2023: £3,791,629), of which staff and teaching faculty costs comprised the main expenditure in the delivery of the School's programmes.

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Adjusted by significant investment gains, the resulting surplus was £1,324,349 (2023: £(1,009,359)).

Fundraising approach and performance

The School concentrates its fundraising efforts on securing the support of individuals, charitable trusts and foundations whose interests in the arts and education are aligned with its mission to pro-mote drawing. Donations to the Royal Drawing School and offers to become a Patron are accepted on the basis that they contribute towards the general objectives of the School and are in line with our values and mission. We carry out due diligence appropriate in relation to the size and nature of a donation before accepting funds. We assess and manage any risks fundraising poses to the Royal Drawing School's activities, beneficiaries, property, work and reputation. We do this through our Ethical Fundraising Group and through two external due diligence bodies. The School has up to date GDPR and Privacy policies that are publicly available. The School is registered with the Fundraising Regulator and no complaints were received during the year.

Policy on reserves

The School has reserves of £19,065,624 at the year ended 31 August 2024 (2023: £17,741,275). This comprises restricted funds of £253,550 (2023: £253,866), endowment funds of £14,938,656 (2023: £13,779,726), designated funds of £2,401,221 (2023: £2,436,888) and unrestricted general funds of £1,472,197 (2023: £1,270,795).

To mitigate financial risk for the charity, the Trustees' aim is to establish a level of unrestricted general reserves covering at least six months of operating expenditure. On this basis, the School has identified restricted and general funds of approximately £1,725,000.

Trustees approved a new financial model in 2020 and subsequently we have been able to generate a level of surplus each year.

Investment policy and performance

The School has adopted a new strategy and financial model to ringfence the Endowment Fund and build additional unrestricted reserves. Funds from the School's successful endowment campaign are invested by the Trustees' Investment Committee, with the primary purpose of supporting the activities of the School by providing a good income for operational costs, whilst retaining the real term capital value of funds invested.

For the permanent endowment, received on 4 August 2014, the School has adopted The Charities (Total Return) Regulations 2013 as explained in Note 8 to the accounts. The Trustees have set the allocation of total returns at 3% of the gross capital Endowment Fund value for 2023-24.

The Endowment Fund is managed by an outsourced corporate CIO on a discretionary basis with continuing oversight from the Investment Committee, on which two members of the

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Board sit. The Investment Committee meets two times a year. The Investment Committee set absolute total return objectives.

It is expected that the Endowment Fund will attract further support in the coming years and increase in size. For the year, which was another difficult year for investments globally, the investment managers generated a net investment gain of £ 688,397 (6.3%) (2023 loss £865,250(7.9%)).

STRATEGIC REPORT - PLANS FOR FUTURE YEARS

The School plans to continue the Drawing Year, Young Artist and Public Programme activities outlined on pages 2 and 3 in the forthcoming years, along with developing our programme of online courses subject to satisfactory funding arrangements. Ensuring the School's long-term and sustainable future as a valued and accessible teaching resource, of acknowledged national and international excellence in its own specialist field, remains at the forefront of its planning.

Trustees have adopted a five-year strategy to deliver a balanced budget by reducing operational costs and increasing income. A small surplus is generated each year to build reserves and safeguard the Endowment Fund. Income will be increased through the Public Programme, investing in the newly built Gallery Studios in Shoreditch London (main campus), and through our income stream of online courses. The 2023-24 surplus will be applied to investments in our website and customer relationship management system and the continuation of London Living Grants.

The strategy is measured against our educational and charitable remit and delivered in a manner that develops greater financial security year on year and a long-term sustainable future.

A new 5-year plan is currently in development, to launch in 2025/26 and will underpin a significant capital campaign. The year 2025 is the School's 25th anniversary and the 2025/2026 academic year will be used as a moment to mark this significant milestone with a series of special events as the School celebrates its achievements and looks forward to the next 25 years.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Royal Drawing School was founded as part of The Prince's Foundation in 2000, commencing as a separate charitable company on 1 April 2004. The Royal Drawing School is a company limited by guarantee, governed by its Memorandum and Articles of Association

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dated 12 November 2003 (amended 13 June 2017), which established the objects and powers of the charitable company.

Governance and Management

The directors of the company are also charity trustees for the purposes of charity law. There must be at least three trustees, and they are recruited by resolution of the existing trustees on the basis of their knowledge of the art and art education worlds or their business experience. Trustees receive an induction pack, including Board papers from the last meeting and School literature, and meet with the Principal, Founding Artistic Director and members of the Senior Leadership team as way of introduction to the School's work. Additionally, they visit the School to meet students and observe classes. As part of ongoing training throughout their term, they are invited to attend all sub-committees and to meet with students, staff and faculty to keep fully informed with the work of the School. During their tenure trustees have the opportunity to have ongoing training, paid for by the School, to help them fulfil their duties.

The board of trustees meets at least four times each year, to set the overall strategic direction of the charity and to monitor the achievement of its objectives. A Finance & Audit Committee of key trustees and management personnel of the charity meet four times a year and are in charge of the School's financial management, controls and operational issues. The management of the day to day operations of the charity is delegated to the Principal (who is not a Companies Act Director).

All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 15 to the accounts. The employees included in the key management personnel are the Founding Artistic Director and Principal.

The pay of the Founding Artistic Director and Principal, and all other staff, is reviewed annually, and normally increased in accordance with average earnings to reflect a cost-of-living adjustment.

A 3.8% salary increase for all eligible staff was made from 1st September 2024.

Committees

A committee of the trustees and key management personnel, the **Finance & Audit Committee**, undertakes detailed consideration of the School's key strategic and operational issues and advises the trustees in relation to their responsibilities for financial management, control and reporting, as well as in relation to the management of human resources. The members of the committee, which meets four times each year, are:

Nicholas Vetch (Chair of the Finance and Audit Committee)

Fope Adelowo (Trustee)

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David Macmillan (Trustee)

Matthew Rice (Trustee)

Sir Charles Saumarez Smith (Trustee, Chair of the Board)

Catherine Goodman (Founding Artistic Director)

Julia Balchin (Principal)

Members of the Senior Management Team attend as delegates as required.

The **Academic Board** advises the trustees on their responsibilities for setting the School's curriculum and for ensuring the highest academic standards and reputation. The members of the Academic Board are:

Sir Charles Saumarez Smith (Chair of the Board of Trustees and the Academic Board)

Julian Bell

Mark Cazalet

Professor Ewan Clayton

Constanza Dessain

Liza Dimbleby

Richard Ikhide

Catherine Goodman (Founding Artistic Director)

Professor Eileen Hogan (Trustee)

Kathryn Maple

Harry Parker (Deputy Director, Director of Education)

Lindsay Sekulowicz

Martin Shortis

Dr. Claudia Tobin

An **External Assessment Board** provides independent, external monitoring and evaluation of the work of Drawing Year students and recommendations on the course of study. Its membership comprises of artists and art academics and is:

Dr. Xavier Bray (Chair)

Rachel Campbell Johnston

Sydney Picasso

Thomas Dane

Bharti Kher

Rosa Loy

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The School's **Investment Committee** oversees the investment of the School's endowment funds. The Committee's members are all investment professionals of significant reputation and standing. They are:

Howard Marks (Chair of the Investment Committee)

Evy Hambro

Fope Adelowo

Francesco Goedhuis

Stuart Roden

Nicholas Vetch (Chair of the Finance and Audit Committee and Trustee)

STRATEGIC REPORT- RISK MANAGEMENT

The trustees review the major risks to which the charity is exposed, no less than annually, and have adopted a *formal risk-management process* to evaluate risk by likelihood and impact. The trustees are satisfied that the risk control document generated by this process enables them to identify and mitigate risk to an acceptable level. The most significant risks and mitigations are detailed below:

RISK	MITIGATION
The costs of running the building becomes prohibitive- the School does not have fit-for-purpose premises in which to deliver its programmes	Bare Trust agreement to protect interests at Charlotte Road; actively seek to reduce running costs of building including improving energy rating; take a measured view of committing resources when the School does not have long-term security of tenure. Ensure school has a <i>property and estate plan</i> to deliver its mission and mid term plan
Changes in Government Policy and Political instability	Healthy levels of unrestricted reserves for in-year contingency funding; London Living grants to help students with rising costs of living in London; ensure the regular review of student visa status and effective recruitment campaign for international students who hold appropriate visas; develop exchange and residencies programme
A significant safeguarding problem arises with a child or adult attending one of the School's programmes.	Implement an effective Child Protection Policy and Safeguarding Adult Policy. Annual staff training on Safeguarding Adults and Children, conflict resolution training and Mental Health First Aid training.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charitable company and of the surplus or deficit of the charitable company for that year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

During the year our auditors Haysmacintyre changed their name to HaysMac LLP in November 2024. HaysMac LLP, are deemed to be appointed under section 487(2) of the Companies Act 2006.

This report, which incorporates the Strategic Report, was approved by the trustees and signed on their behalf by:

Nicholas Vetch

.....
Nicholas Vetch

Trustee

Date: 1st April 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL DRAWING SCHOOL

Opinion

We have audited the financial statements of The Royal Drawing School for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including 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 the charitable company's net movement in funds, including the 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 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**THE ROYAL DRAWING SCHOOL
AUDIT REPORT
FOR THE YEAR ENDED 31 AUGUST 2024**

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

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' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, 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.

**THE ROYAL DRAWING SCHOOL
AUDIT REPORT
FOR THE YEAR ENDED 31 AUGUST 2024**

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.

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of trustees;
- Identifying and testing journals, in particular journal entries posted unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

**THE ROYAL DRAWING SCHOOL
AUDIT REPORT
FOR THE YEAR ENDED 31 AUGUST 2024**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 1 April 2025

The Royal Drawing School
Statement of financial activities including income and expenditure account
Year ended 31 August 2024

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
	Notes	31-Aug-24	31-Aug-24	31-Aug-24	31-Aug-24	31-Aug-23
		£	£	£	£	£
Income from:						
Donations and legacies		1,473,330	503,102	-	1,976,432	2,222,736
Charitable activities:						
Education		1,474,133	-	-	1,474,133	1,355,835
Investments		81,614	-	878,903	960,517	68,949
Other		-	-	-	-	-
Total income	2	3,029,077	503,102	878,903	4,411,082	3,647,520
Expenditure on:						
Raising funds		427,149	-	9,370	436,519	451,190
Charitable activities:						
Education		2,846,193	503,418	-	3,349,611	3,340,439
Total expenditure	3	3,273,342	503,418	9,370	3,786,130	3,791,629
Net income / (expenditure) before change in market value of investments and transfers		(244,265)	(316)	869,533	624,952	(144,109)
Change in market value of investments		-	-	699,397	699,397	(865,250)
Net income / (expenditure) for the year		(244,265)	(316)	1,568,930	1,324,349	(1,009,359)
Transfer - allocation of total return		410,000	-	(410,000)	-	-
Transfer between funds			-		-	-
Net movement in funds		165,735	(316)	1,158,930	1,324,349	(1,009,359)
Total funds brought forward		3,707,683	253,866	13,779,726	17,741,275	18,394,840
Total funds carried forward	11,12	3,873,418	253,550	14,938,656	19,065,624	17,385,481

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements.

The notes on pages 22 to 35 form part of these financial statements.

The Royal Drawing School
Balance sheet
As at 31 August 2024

	Notes	31-Aug-24 £	31-Aug-23 £
Fixed assets			
Tangible assets	7	2,270,478	2,401,531
Investments	8	14,679,657	13,097,297
		<u>16,950,135</u>	<u>15,498,828</u>
Current assets			
Debtors	9	389,554	457,598
Cash at bank and in hand		2,569,043	2,833,649
		<u>2,958,597</u>	<u>3,291,247</u>
Creditors: amounts falling due within one year	10	(843,108)	(1,048,800)
Net current assets		<u>2,115,489</u>	<u>2,242,447</u>
Total net assets		<u><u>19,065,624</u></u>	<u><u>17,741,275</u></u>
Represented by:			
Restricted funds		253,550	253,866
Endowment funds		14,938,656	13,779,726
Designated fund		2,401,221	2,436,888
General fund		1,472,197	1,270,795
	11,12.	<u><u>19,065,624</u></u>	<u><u>17,741,275</u></u>

The notes on pages 22 to 35 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 1 April 2025 and were signed on its behalf by:

Nicholas Vetch

.....

Nicholas Vetch
Trustee
Date: 1 April 2025

Company number: 4971133

The Royal Drawing School
Statement of cash flows
Year ended 31 August 2024

	Ref	31-Aug-24 £	31-Aug-23 £
Cash flows from operating activities:	Note A	(1,208,647)	301,632
Cash flows from investing activities:			
Dividends and interest from investments		960,517	68,950
Purchase of fixed assets		(2,499)	(49,656)
Disposal of fixed assets		-	-
Proceeds from sale of investments		12,802,157	1,887,228
Purchase of investments		<u>(12,816,134)</u>	<u>(1,291,667)</u>
Net cash provided by / (used in) investing activities		944,041	614,855
Cash flows from financing activities:			
Receipt of endowment		<u>-</u>	<u>-</u>
Net cash provided by / (used in) financing activities		-	-
Change in cash and cash equivalents in the year		(264,606)	916,487
Cash and cash equivalents at the beginning of the year		<u>2,833,649</u>	<u>1,917,162</u>
Cash and cash equivalents at the end of the year		<u>2,569,043</u>	<u>2,833,649</u>

Note A - reconciliation from SOFA to cash

Net income / (expenditure) in the year	SOFA	1,324,349	232,237
(Gains)/losses on investments	Note 8	(1,568,383)	(347,346)
		(1,568,383)	(347,346)
Dividends, interest and rent from investments	Note 2	(960,517)	(68,949)
Receipt of endowment	Note 2	-	-
		(960,517)	(68,949)
Depreciation charges	Note 7	133,552	133,491
(Increase)/decrease in debtors		68,044	(63,787)
Increase/(decrease) in creditors		(205,692)	415,986
		(4,096)	485,690
Net cash provided by / (used in) operating activities		<u>(1,208,647)</u>	<u>301,632</u>

1 Accounting policies

The School (company number: 04971133) is a private charitable company limited by guarantee, is incorporated in England and Wales and is registered at 19-22 Charlotte Road, London, EC2A 3SG.

1.01 Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note(s).

The key judgements and estimates and accounting policies are set out in 1.02 to 1.17 below.

1.02 Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include the assumptions around the probability of receipt of accrued income and the valuation of investments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The School meets the definition of a public benefit entity under FRS 102.

1.03 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.

1.04 Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1.05 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

1.06 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose

- Expenditure on charitable activities includes the costs of the operational charitable programmes, and the costs incurred by corporate service teams to support these programmes, which are undertaken to further the purposes of the charity along with their associated support costs

1.07 Allocation of support costs

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

1.08 Operating leases

Rents payable under operating leases are charged against income on a straight line basis over the lease term.

1.09 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets denominated in foreign currencies are translated at the rate ruling at the balance sheet date.

1.10 Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Freehold buildings	- over 50 years on cost
- Fixtures, fittings and equipment	- over 3 years on cost
- Website and booking system	- over 4 years on cost
- Leasehold improvements	- over 5 years on cost

1.11 Investments

The investments are held at market value at the year end date. For quoted investments these are the values as at 31 August. For other investments, notably private equity funds, where valuation dates are not coterminous with the charity's year end, a best estimate is made of their market value as at 31 August.

1.12 Debtors

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

1 Accounting policies (continued)

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Pensions

The School operates defined contribution pension arrangements, the assets of which are held separately from those of the School in independently administered funds. Contributions are charged to the income and expenditure account as they become payable.

1.16 Fund accounting

The School maintains five types of fund:

- General unrestricted funds are those which can be used in accordance with the School's charitable objects at the discretion of the trustees.
- Designated unrestricted funds comprise funds which have been set aside at the discretion of the Board of Trustees for specific purposes.
- Restricted funds are donations, sponsorships or grants given for a specific piece of work or area of activity, mainly scholarships and community work.
- Permanent endowment funds are funds where the capital must be held permanently by the School. The funds are invested, or held in cash, and the movement in fund values are recognised in the SOFA as investment gains and losses. Income arising on permanent endowment funds is treated as part of the total return. See note 8.
- Expendable endowment funds comprise funds held on trust to be retained for the benefit of the School as a capital fund. The Trustees have power of discretion to convert endowed capital into income.

1.17 Estimates and judgements

Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately differ from those estimates.

The valuation of investments is a key accounting estimate, as two of the investment funds are closed funds, and valuations are only obtainable on a calendar quarterly basis. There are no available benchmarking tools available to calculate the movement between statements, and so the value in these accounts is held per the latest available quarterly statement released in this financial year.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life, per note 1.11.

Trustees have found no additional areas of judgement with a significant effect on the financial statements.

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2024

2 Income

	General Funds	Restricted Funds	Endowment Funds	Total	Total
	31-Aug-24	31-Aug-24	31-Aug-24	31-Aug-24	31-Aug-23
	£	£	£	£	£
Donations and legacies	1,473,330	503,102	-	1,976,432	2,222,736
Charitable activities					
Course fees	1,361,404	-	-	1,361,404	1,206,377
Materials	13,426	-	-	13,426	16,809
Other income	99,303	-	-	99,303	132,649
	1,474,133	-	-	1,474,133	1,355,835
Investments					
Deposit account interest	81,614	-	-	81,614	61,580
Dividends, interest and realised gains	-	-	878,903	878,903	7,369
	81,614	-	878,903	960,517	68,949
Other					
Exchange gains / (losses)	-	-	-	-	-
	3,029,077	503,102	878,903	4,411,082	3,647,520

3 Expenditure

	31-Aug-24	31-Aug-23
	£	£
Raising Funds		
Staff costs (Note 5)	260,290	181,436
Investment management	9,370	44,859
Publicity and fundraising	166,859	224,895
	436,519	451,190
Charitable activities		
Educational activity:		
Staff costs (Note 5)	1,254,909	1,019,474
Other direct costs (Note 4)	1,834,906	1,875,978
Support costs (Note 4)	259,796	444,987
	3,349,611	3,340,439
	3,786,130	3,791,629

4 Other direct costs and support costs

	31-Aug-24	31-Aug-23
	£	£
Other direct costs comprise:		
Tutors and models	798,055	800,497
Premises costs (including staff costs - Note 5)	373,087	363,441
Bursaries and prizes	98,134	83,770
Other direct costs (including depreciation)	565,630	628,270
	1,834,906	1,875,978
Support costs comprise:		
Financial and secretarial	75,746	147,970
Exchange (gains)/losses	10,802	169,631
Insurance	27,398	18,399
Bank interest and charges	70,060	53,634
Governance:		
Legal and corporate costs	58,631	23,900
Audit fees (Note 6)	17,160	31,453
	259,797	444,987

The Royal Drawing School
Notes to the financial statements

Year ended 31 August 2024

5	Staff costs	31-Aug-24 £	31-Aug-23 £
	Wages and salaries	1,262,670	985,702
	National insurance	113,658	96,205
	Pension costs	75,632	55,118
		1,451,960	1,137,025
	Temporary staff costs	14,088	15,851
	Recruitment and training costs	49,151	48,034
		1,515,199	1,200,910

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	31-Aug-24 Number	31-Aug-23 Number
£60,000 - £69,999	1	-
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-
	£	£
	19,798	12,606

Pension costs for higher paid staff were:

The average number of employees (head count based on number of staff employed) during the year was 48 (2023: 43). The average number of full time equivalent employees during the year analysed by function, was:

	31-Aug-24 Number	31-Aug-23 Number
Artistic and executive directors	2	2
Education programmes	45	39
Technicians	1	2
	48	43

The total employee benefits including pension contributions of the key management personnel were £215,759 (2023: £209,619).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).

6	Net (outgoing)/incoming resources before other recognised gains and losses	31-Aug-24 £	31-Aug-23 £
	This is stated after charging:		
	Auditors' remuneration	30,000	26,460
	Depreciation	133,552	133,552

Trustees are eligible to be reimbursed for travel and incidental expenses incurred in the performance of their duties; £nil was claimed (2023: nil). One trustee received fees totalling £1,556 in connection with services as a self-employed drawing tutor (2023: one). No trustees received fees in relation to services provided on an arm's length basis (2023: none).

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2024

7 Tangible fixed assets

	Freehold land and buildings £	Leasehold Improvements £	Website & Booking System £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2023	2,416,667	529,737	105,457	46,022	3,097,883
Additions	-	-	-	2,499	2,499
Disposals	-	-	-	-	-
At 31 August 2024	2,416,667	529,737	105,457	48,521	3,100,382
Depreciation					
At 31 August 2023	334,781	226,922	95,406	39,243	696,352
Charge for the year	30,666	93,585	6,458	2,843	133,552
Disposals	-	-	-	-	-
At 31 August 2024	365,447	320,507	101,864	42,086	829,904
Net book value					
At 31 August 2024	2,051,220	209,230	3,593	6,435	2,270,478
At 31 August 2023	2,081,886	302,815	10,051	6,779	2,401,531

All of the above assets are used for charitable purposes.

8 Investments

	31-Aug-24 £	31-Aug-24 £	31-Aug-24 £
	Permanent	Expendable	Total
Current Year			
Market value at 31 August 2023	5,977,494	7,119,803	13,097,297
Additions at cost	9,685,965	3,130,170	12,816,135
Disposals at cost	(9,367,660)	(3,500,112)	(12,867,772)
Movement in cash held for investments	(2,141)	67,756	65,615
Change in market value	790,852	777,530	1,568,382
Market value at 31 August 2024	7,084,510	7,595,147	14,679,657
	31-Aug-23 £	31-Aug-23 £	31-Aug-23 £
	Permanent	Expendable	Total
Prior Year			
Market value at 31 August 2022	6,797,526	6,547,985	13,345,511
Additions at cost	-	1,291,667	1,291,667
Disposals at cost	(575,847)	(878,923)	(1,454,770)
Movement in cash held for investments	(391,701)	(40,756)	(432,457)
Change in market value	147,516	199,830	347,346
Market value at 31 August 2023	5,977,494	7,119,803	13,097,297

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2024

8 Investments (continued)

Market Value	31-Aug-24 £ Permanent	31-Aug-24 £ Expendable	31-Aug-24 £ Total
Current Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	14,604	-	14,604
iShares Core MSCI World UCITS ETF	708,991	166,307	875,298
Partners Capital Greyhawk Cayman Feeder Fund, Ltd	-	2,644,627	2,644,627
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund	1,468,499	2,732,511	4,201,010
Partners Capital Secondaries	-	941,135	941,135
Partners Capital Condor Fund XV (Cayman) LP	-	222,151	222,151
Partners Capital Condor Fund XVI (Cayman) LP	-	112,977	112,977
Partners Capital Condor Fund XVII (Cayman) LP	-	3,049	3,049
The Master Portfolio (C) Ltd - GBP	-	-	-
iShares UK GILTS	-	562,193	562,193
140 Summer Partners Offshore	279,369	-	279,369
Octagon Partners CLO Opp	337,171	79,089	416,260
Principal Global Investors	358,643	84,126	442,769
Ares Strategic Income (19%)	336,241	78,871	415,112
iShares Core MSCI World GBP Hedged	1,435,711	336,772	1,772,483
iShares up to 10 Years UK GILTS	570,662	-	570,662
BlackRock ICS Sterling	320,702	-	320,702
Axonix Structured Opportunities	556,549	-	556,549
Masters Hold Back	163,037	-	163,037
Other Investments	-	-	-
Cash held for investment	57,025	108,645	165,670
Total market value	6,607,204	8,072,453	14,679,657
	1	(0)	(0)
	31-Aug-23	31-Aug-23	31-Aug-23
	£	£	£
Prior Year	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	17,677	-	17,678
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	-	-
iShares Core MSCI World UCITS ETF	-	891,467	891,467
Partners Capital Greyhawk Cayman Feeder Fund, Ltd	-	2,243,604	2,243,604
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 January 2022 Series	-	-	-
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 Lead Series	-	1,930,616	1,930,616
Partners Capital Secondaries	-	322,555	322,555
Partners Capital Condor Fund XV (Cayman) LP	-	159,787	159,787
Partners Capital Condor Fund XVI (Cayman) LP	-	82,400	82,400
The Master Portfolio (C) Ltd - GBP	5,952,800	1,396,336	7,349,136
Other Investments	59,166	40,889	100,055
Total market value	6,029,643	7,067,654	13,097,298

8 Investments (continued)

Income for the year	31-Aug-24 £	31-Aug-24 £	31-Aug-24 £
	Permanent	Expendable	Total
Current Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	7,200	-	7,200
Oaktree Enhanced Income Fund II (Cayman), L.P.	2,716	-	2,716
Oaktree Real Estate Debt Fund (Cayman), L.P.	-	-	-
Oaktree Power Opportunities Fund IV Feeder (Cayman), LP.	4,483	-	4,483
Oaktree European Senior Loan Fund	-	-	-
Ruffer Total Return Fund – C Inc GBP	-	-	-
iShares Core MSCI World UCITS ETF	-	26,752	26,752
Other Investments	-	-	-
Cash held for investment	-	-	-
Total income	7,199	26,752	33,951
	31-Aug-23 £	31-Aug-23 £	31-Aug-23 £
	Permanent	Expendable	Total
Prior Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	2,126	5,243	2,126
Other Investments	-	-	-
Total income	2,126	5,243	7,369

8 Investments (continued)

Permanent endowment funds: Total Return Accounting

The School has adopted The Charities (Total Return) Regulations 2013 issued by the Charity Commission and has implemented the total return investment powers in relation to its permanent endowment investment. The regulation permits the trustees to invest the portfolio to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of the unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The trustees have exercised their power to allocate unapplied total return to income of £440,000 (2023: £440,000) in the year. Total allocation of return to income represents 4% annual of the average fund value held during the year, subject to sufficient unapplied total return.

The investment fund and application of total return to permanent endowment funds:

	31-Aug-24 £	31-Aug-23 £
Opening value of permanent endowment	6,462,313	6,797,529
Less: Original value of the gift	(4,000,000)	(4,000,000)
Unapplied total return brought forward	2,462,313	2,797,529
Add / (Less)		
Investment return: dividends and interest	7,200	2,126
Investment Costs	(9,370)	(44,859)
Investment return: gains and (losses)	783,651	147,516
Unapplied total return before transfer to income	3,243,794	2,902,313
Less		
Total return applied	(410,000)	(440,000)
Unapplied return as at 31 August 2024	2,833,794	2,462,313
Add		
Original value of the gift brought forward	4,000,000	4,000,000
New endowments in the year	-	-
Permanent endowment including unapplied total return as at 31 August 2024 constituting the investment fund	6,833,794	6,462,313

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2024

9 Debtors								
						31-Aug-24	31-Aug-23	
						£	£	
Trade debtors						31,534	26,694	
Donations receivable						105,000	180,628	
Prepayments						79,420	74,353	
Other debtors						173,600	175,923	
						389,554	457,598	
10 Creditors: amounts falling due within one year						31-Aug-24	31-Aug-23	
						£	£	
Trade creditors						166,874	258,649	
Accruals						86,353	77,789	
Deferred income						550,826	647,923	
Other taxes and social security						33,801	67,253	
Sundry creditors						5,254	(2,814)	
						843,108	1,048,800	
Opening deferred income						647,923	157,027	
Released in the year						(647,923)	(157,027)	
Income deferred in the current year						550,826	647,923	
						550,826	647,923	
11 Movement on funds								
	At 31 August					Other		
	2023	Income	Expenditure	Transfer	recognised	At 31 August		
	£	£	£	£	gains / losses	2024		
					£	£		
Current Year								
Unrestricted funds								
General Fund	1,270,795	3,029,077	(3,237,675)	410,000	-	1,472,197		
Designated Property Fund	2,081,888	-	(30,667)	-	-	2,051,221		
Digital	350,000					350,000		
London Living Fund	5,000		(5,000)			-		
	3,707,683	3,029,077	(3,273,342)	410,000	-	3,873,418		
Restricted funds								
Artist On Film	20,602	-	-	-	-	20,602		
Windrush	64,432	-	(349)	-	-	64,083		
Drawing Year Fund	-	273,249	(273,249)	-	-	-		
Young Artists Programme	-	137,623	(137,623)	-	-	-		
Foundation Year Fund	-	75,690	(75,690)	-	-	-		
Denis Mahon	14,774	15,000	(10,909)	-	-	18,865		
Alumni & DH	4,058	-	(4,058)	-	-	-		
Public Programme General	-	1,540	(1,540)	-	-	-		
Scholarship and general restricted	-	-	-	-	-	-		
Building Works Fund	-	-	-	-	-	-		
Living Library	150,000	-				150,000		
	253,866	503,102	(503,418)	-	-	253,550		
Endowment funds								
Permanent endowments	6,462,312	649,812	(9,370)	(410,000)	141,040	6,833,794		
Expendable endowments	7,317,414	229,091		-	558,357	8,104,862		
	13,779,726	878,903	(9,370)	(410,000)	699,397	14,938,656		
Total funds	17,741,275	4,411,082	(3,786,130)	-	699,397	19,065,624		

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2024

11 Movement on funds (continued)	-	-	(0)			
	At 31 August 2022	Income	Expenditure	Transfer	Other recognised gains / losses	At 31 August 2023
Prior Year	£	£	£	£	£	£
Unrestricted funds						
General Fund	1,367,585	2,737,561	(2,944,351)	110,000	-	1,270,795
Designated Property Fund	2,112,554	-	(30,666)	-	-	2,081,888
Digital	70,000			280,000		350,000
London Living Fund	-		(45,000)	50,000		5,000
	3,550,139	2,737,561	(3,020,017)	440,000	-	3,707,683
Restricted funds						
Artist On Film	20,602	-	-	-	-	20,602
Windrush	-	195,963	(131,531)	-	-	64,432
Drawing Year Fund	-	312,030	(312,030)	-	-	-
Young Artists Programme	-	121,004	(121,004)	-	-	-
Foundation Year Fund	25,578	75,198	(100,776)	-	-	-
Denis Mahon	10,492	10,000	(5,718)	-	-	14,774
Alumni & DH	21,357	10,000	(27,299)	-	-	4,058
Public Programme General	-	28,395	(28,395)	-	-	-
Scholarship and general restricted	-	-	-	-	-	-
Building Works Fund	-	-	-	-	-	-
Living Library	-	150,000				150,000
	78,029	902,590	(726,753)	-	-	253,866
Endowment funds						
Permanent endowments	6,797,529	2,126	(44,859)	(440,000)	147,516	6,462,312
Expendable endowments	7,112,340	5,243		-	199,831	7,317,414
	13,909,870	7,370	(44,859)	(440,000)	347,347	13,779,726
Total funds	17,538,038	3,647,521	(3,791,629)	-	347,347	17,741,275

11 Movement on funds (continued)

Designated Property Fund

This is a designated fund representing the net book value of the charity's one third share of 19-22 Charlotte Road, London EC2A 3SG.

Designated Digital Fund

The trustees designated £350k of funds as at 31 August 2023 towards the development of the digital strategy.

Designated London Living Grant Fund

The Trustees designated £50k of funds as at 31 August 2023 towards living grant bursaries.

Artist On Film

This fund is to support the delivery of the School's Artist on Film series.

Windrush

This fund is to support the delivery of the School's Windrush series.

Drawing Year Fund

This fund is to support the delivery of the School's MA-level Drawing Year.

Young Artists Programme

This fund is to support the School's Young Artists Programme of weekly drawing classes for children and young people aged 11-18.

Artists Residencies

This fund is to support the School's international artist residency programme.

Foundation Year Fund

This fund is to support the delivery of the School's Foundation Year.

Denis Mahon

This fund is to support the artistic practice of an alumnus of the School's MA-level Drawing Year.

Alumni & DH

This fund is to support the professional development and artistic practice of alumni of the School's Drawing Year programme.

Alumni & DH

This fund is to update the fabric of the building at 19-22 Charlotte Road.

Public Programme General

Funds restricted to supporting scholarship and other activities of the School

Building Works Fund

During the year the charity completed the work on the new teaching studios and exhibition space at Charlotte Road and as a result transferred the restricted fund supported by Maria Manetti Shrem to unrestricted funds

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2024

11 Movement on funds (continued)

Endowment Funds

	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Current Year			
Balance brought forward at 1 September 2023	6,462,312	7,317,414	13,779,726
Dividends and interest received net of expenses	640,441	229,092	869,533
	7,102,753	7,546,506	14,649,259
Change in market value of investments	141,040	558,357	699,397
Transfer from General Fund (note 11)	-	-	-
Total return applied	(410,000)	-	(410,000)
Balance carried forward at 31 August 2024	6,833,793	8,104,863	14,938,656
Represented by:			
Fixed Asset Investments	6,607,204	8,072,453	14,679,657
Cash	226,589	32,410	258,999
	6,833,793	8,104,863	14,938,656
	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Prior Year			
Balance brought forward at 1 September 2022	6,797,529	7,112,340	13,909,869
Endowment capital received	-	-	-
Howard & Nancy Marks	-	-	-
Dividends and interest received net of expenses	(42,733)	5,243	(37,490)
	6,754,796	7,117,583	13,872,379
Change in market value of investments	147,516	199,831	347,347
Transfer to General Fund (note 11)	-	-	-
Total return applied	(440,000)	-	(440,000)
Balance carried forward at 31 August 2023	6,462,312	7,317,414	13,779,726
Represented by:			
Fixed Asset Investments	6,029,643	7,067,653	13,097,296
Cash	432,669	249,761	682,430
	6,029,643	7,317,414	13,779,726

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2024

12 Analysis of net assets between funds

	General Fund 2024 £	Designated, Digital Fund and London Living Grant Fund 2024 £	Restricted Funds 2024 £	Endowment Funds 2024 £	Total Funds 2024 £
Current year					
Fixed assets	219,257	2,051,221	-	14,679,657	16,950,135
Net current assets	1,252,940	350,000	253,550	258,999	2,115,489
	1,472,197	2,401,221	253,550	14,938,656	19,065,624
	General Fund 2023 £	Designated Fund 2023 £	Restricted Funds 2023 £	Endowment Funds 2023 £	Total Funds 2023 £
Prior year					
Tangible fixed assets	319,645	2,081,886	-	13,097,297	15,498,828
Net current assets	951,150	355,002	253,866	682,429	2,242,447
	1,270,795	2,436,888	253,866	13,779,726	17,741,275

13 Pensions

The Royal Drawing School contributes to individuals' personal pension schemes, which are thus accounted for as a defined contribution pension scheme.

The cost recognised within the result for the year in the statement of financial activities (see Note 5) is equal to the contributions payable during the year.

14 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

15 Related parties

Trustees donated £25,000 in the year (2023: £25,000).

16 Financial commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	31-Aug-24	31-Aug-23
Office equipment		
Payable within one year	17,272	17,272
Payable in two to five years	9,737	27,009

THE ROYAL DRAWING SCHOOL

England & Wales - Charity number 1101538

Accounts

Company number 4971133



ROYAL
DRAWING
SCHOOL

THE ROYAL DRAWING SCHOOL

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

THE ROYAL DRAWING SCHOOL

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**THE ROYAL DRAWING SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**



THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charitable company for the year ended 31 August 2023. The Trustees have adopted the provisions of the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number:	4971133 (Registered in England & Wales)
Registered Charity number:	1101538
Registered Office:	19-22 Charlotte Road, London EC2A 3SG
Founding Royal Patron:	HM King Charles III

Trustees who served during the year:

Sir Charles Saumarez Smith	Chair
Fope Adelowo	
Dame Glenda Bailey	
Mariam Faruqi	appointed 21st June 2023
Bettina von Hase	resigned 6th March 2023
Professor Eileen Hogan	
Timothy Knox	appointed 21st June 2023
The Hon David Macmillan	Deputy Chair
Matthew Rice	
Dr. Alex Sturgis	resigned 6th March 2023
Elizabeth Sorensen	appointed 21st June 2023
Nicholas Vetch	Chair of the Finance and Audit Committee
Dr. Mary Wellesley	appointed 21st June 2023

**THE ROYAL DRAWING SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**

Senior Management Team

Catherine Goodman
Julia Balchin

Founding Artistic Director
Principal

Auditors:	Haysmacintyre LLP, 10 Queen Street Place, London, EC4R LAG
Bankers:	National Westminster Bank Plc, Cavell House, 2a Charing Cross Road, London WC2H 0PD

OBJECTIVES AND ACTIVITIES

Purposes and aims

Our charity's purposes as set out in the company's memorandum of association are to benefit the public through the advancement of education in the arts of drawing, painting, sculpture, and print making.

The aim of our charity is to raise the standard and profile of observational drawing and improve accessibility to high quality drawing tuition. This aim fully reflects the purposes the charity was established to deliver.

Ensuring our work delivers our aims

We review our aims, objectives, and activities every year. This review looks at what we achieved and the outcomes of our work in the previous year. We look at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. Our review also helps us to ensure that our aims, objectives, and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, we consider how planned activities will contribute to the aims and objectives we have set.

The focus of our work

Our main objective for the year continued to be to raise the standard and profile of observational drawing. Our programmes are taught by a teaching faculty of over 100 practising artists, with 4,650 course bookings by c.2500 students across 25 countries.

**THE ROYAL DRAWING SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**

The main activities towards meeting this objective were:

The Drawing Year – up to 30 students are accepted each year onto a postgraduate level, fifteen-month course in drawing. They each receive a full scholarship to cover all their course fees, tutorials, lectures, and forums to ensure accessibility and remove financial barriers to high quality art education. Each student also receives a free studio space in which to undertake their own artistic practice. In addition to their scholarship place, some of the students also receive a new means tested maintenance grant to assist with living expenses. In establishing this “London Living Grant” we are aiming to extend access to The Drawing Year to talented students who may otherwise find the cost of relocating to and living in London an obstacle to their ability to undertake the course.

Public Courses – consisting of three terms of subsidised day and evening courses, open to artists, creatives and members of the public interested in drawing, taught at all levels. There are also holiday courses at Easter and Christmas, as well as a summer school. Courses are held at our Shoreditch studio, as well as in the principal museums and galleries, and outdoor spaces across London. This is a fee paying programme, however a comprehensive range of concessions, discounts and free places are offered to approximately 25% of the Public Programme to ensure that all courses offered are affordable and available to those interested in drawing from observation irrelevant of financial circumstance or background. Those eligible for concessions include people over 60, local residents in Hackney and Tower Hamlets, NHS workers, individuals on job seekers allowance or on disability support, art students and art teachers.

The Young Artists Programme – providing serious and sustained drawing teaching for talented and committed young people aged from 10 to 18. Full and partial scholarship support is offered to students on a means tested basis. Classes take place every week during term-time and are taught by alumni of our Drawing Year programme. The Young Artist programme also serves as Teacher Training programme for the graduates of The Drawing Year who undergo a two-year teacher training programme to develop the next generation of artist who can teach drawing. Many of the artist teachers go on to teach in school and universities across the UK and at RDS public and postgraduate level programme, with half the RDS tuition now carried out by RDS alumni. In 2022 we launched a new strand of the Young Artist programme running full scholarship, after school clubs, in partnership with state and free schools in disadvantaged London Boroughs.

Online Drawing Programme – the School has continued to offer live online teaching courses, extending our teaching to a national and international audience. The online programme supports our charitable mission by making our high-quality drawing courses accessible to those unable to attend our studios in person due to disability, illness, distance, or working or caring commitments. The programme enables us to reach isolated individuals and communities, and areas of the UK with limited access to arts education and venues, as well as developing an international audience, with students attending from 22 countries

**THE ROYAL DRAWING SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**

worldwide. Courses are fee paying with means tested concessions and bursaries available to ensure the programme is accessible to all. This year we have extended the range of available activities to include a Live Broadcast Hub as well as a special national education programme celebrating the Windrush generation in partnership with The Royal Collection.

We are developing a new strand of digital resources, the Living Library which will launch next academic year, a digital archive capturing the teaching and practise of artists that have contributed to the School since its inception in 2000.

Residencies

The School offers a wide range of national and international drawing, painting, and teaching residencies, giving artists opportunities to progress their work in varied settings. In 2022 –23 107 artists attended our residencies. We send RDS alumni and faculty on fully funded residencies in Scotland and Wales, Italy, USA (LA and New York), India, Jamaica, and Antigua. Each year we welcome students from the USA to our studios in London for three months, along with Artist at Risk – during the year we hosted artists from Syria and Ukraine. Additionally, we host students from regional UK universities and partner US universities to our residency programme at Dumfries House in Scotland. In 2022 the School opened a new Print Studio at Dumfries House to extend the existing drawing and painting RDS Residency Programme.

STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

All our charitable activities focus on raising the standard and profile of observational drawing through teaching and practice and are undertaken to further our charitable purposes for the public benefit.

The School has established itself as a valued teaching resource, within the landscape of UK art education. The School aims to make it possible for anyone with a talent and passion to access high quality drawing tuition irrelevant of financial circumstance or background, and is committed to removing financial and social barriers to accessing high quality art education.

The School is progressing a five-year plan and financial model which it first embarked upon in 2020/21. The plan ensures the School's long-term sustainability and financial security. The success of the strategy is measured both against our educational and charitable objectives as well as short and long-term financial goals. The outcomes at the end of the financial year 2022-2023 are in line for the strategy for year three and the budget set for 2023-2024 follows the plan for year four.

**THE ROYAL DRAWING SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**

The Drawing Year 2021/22

The Drawing Year 2021/22 concluded in December 2022 and new class of 2022/23 commenced being studio based and in its original term pattern of four terms from September 2022 to culminate in the end of year awards and exhibitions at Christie's and at Shoreditch in November and December 2023.

Each Drawing Year consists of a taught component from September to June followed by five months of studio practice. Students receive a minimum of 3.5 days tuition in the teaching terms and can access 5 days tuition weekly if desired. When not in taught sessions students continue their practice in their personal studio space provided by the School at Space Studios in Hackney. In the final six months of the course students work towards their end of year exhibition and assessment and participate in the 'Professional Development' programme for outgoing students, with some students beginning RDS teacher training with the Young Artist programme.

The External Assessment Board (members listed on page 13) assessed all the student's work and awarded the annual prizes on merit. Additionally, they carry out a review of checks and measures on RDS delivery, including academic and artistic content and student support. They made particular comment regarding the high quality of student work in the year and all students passed the year end assessment.

Bursaries and Student Support

We have introduced a London Living Grant of up to £3,000 per student to support students with the increasing cost of living, and to support students to relocate to London to take up their place. There are further means tested hardship and bursary funds available on application.

Student recruitment

The application deadline for the Drawing Year falls in April. The recruitment process starts in November for admission in the following year.

We are continuing to improve the recruitment process in line with our Equity, Diversity, and Inclusion objects to remove any barriers to entry through financial support and portfolio mentoring as required. This year we saw an increase of 25 % in applicants, and an increase in the ethnic diversity of students both applying and being accepted onto the course.

EQUITY, DIVERSITY, AND INCLUSION

The School has established an Equity, Diversity and Inclusion Committee with the aim to champion and promote an inclusive culture, a supportive and diverse community, and a safe, welcoming and open forum for matters around EDI to be addressed.

The Committee holds the School accountable going through the school's EDI Action Plan looking at desired outcomes and ongoing activities ensuring EDI is embedded across all avenues namely:

- Governance and Strategy
- Training and Policy
- Curriculum and Content
- Recruitment – Staff & Faculty
- Student Experience and Accessibility
- Student Recruitment
- Marketing and Communications

The meeting is also an opportunity to discuss emerging issues and for council members to give feedback or share observations.

The School has made progress in accessibility to its building and its courses, with disabled access improvements and the provision of captioned online courses for subscribers with hearing difficulties.

We have also ensured that there is no gender pay gap at the School. After the pay award made on 1st September 2023 and acknowledgement of the increase in the London Living Wage, the average salaries at the School are £42,653 for female staff and £42,638 p.a. for male staff.

ANNUAL REVIEW

Public Courses: In-Person

More than 60 courses were available in each of the three terms comprising the academic year. Public courses ran at the School's own studios, as well as in the principal museums and galleries, and out and about in London. Occupation levels were good and overall, we took more in-person bookings than pre-covid years, with 3,650 bookings. Our public courses are subsidised to ensure the widest possible access to tuition, within the School's overall funding envelope. The School was able to maintain fees at competitive rates throughout the

**THE ROYAL DRAWING SCHOOL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**

year, and to offer an extensive matrix of significant fee concessions as summarized in the table below. The total value of concessions distributed in the year was over £150,000.

	Discount %
Full-time BA students studying for a degree in Fine Art	75%
Full-time practicing fine artists under 40 years of age	75%
Primary and secondary school teachers who teach art	50%
Individuals on job seekers allowance	50%
Individuals who receive disability support	50%
Tower Hamlets and Hackney residents	25%
Tower Hamlet and Hackney businesses	25%
NHS Staff	20%
Individuals over the age of 60	10%

Online Drawing Programme

Alongside our in-person courses, we ran 127 online courses in 2022/2023. With 1,556 course bookings over the year, the online programme has doubled the number of students the School now reaches since the Covid pandemic. Ten and five-week drawing courses ran (both daytime and evening), available to the public, alongside a full time 'Online Drawing Development Year' course. Courses were fee paying with concessions and scholarships available to ensure accessibility.

We are broadening the range of courses this academic year, introducing a new online broadcast hub and a delivering special series of courses marking the celebration of the Windrush generation in which 100 people participated in partnership with The Royal Collection.

The online programme was taught by a combination of Senior Faculty and Alumni faculty, ensuring training of alumni teachers, fulfilling a further School objective. Students participated from a wide range of UK regions and 25 different countries.

The Young Artists Programme (2022 - 2023)

Taught by alumni of the School's Drawing Year postgraduate level programme, our Young Artists Programme of weekly classes is designed for children aged from 10 to 18, with a talent and passion for drawing. The programme enjoyed a successful year. 915 students attended the 60 courses held in the Autumn, Spring and Summer Terms, benefiting from the serious and sustained drawing tuition offered by our alumni faculty.

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Classes were held in our own premises and at a range of important cultural venues including the National Gallery. We also continued to run courses online and in Norwich, Oxford, and New Cumnock in Scotland.

We taught 179 students on our 10 holiday courses (Winter, Easter and Summer).

The Young Artists Exhibition took place in July with over 100 submissions from Young Artists across our courses. In September 2022, we held a portraits workshop in association with the National Holocaust Trust.

We also launched a new strand of the Young Artist programme running full scholarship, after school clubs, in partnership with state and free schools in disadvantaged London Boroughs.

9 RDS alumni successfully completed their teacher training as part of the programme.

STRATEGIC REPORT - FINANCIAL REVIEW

In 2020, Trustees committed to a new five-year strategy and financial model to secure our long term financial security and sustainability, migrating us to a position which grows reserves and protects the Endowment Fund. Total investment returns allocated to income from the Endowment were reduced to 4% for the year.

During the ninth year of the School's endowment campaign, receipts to the endowment totalled £nil (2022: nil), with total receipts since its inception at £15 million. The School is over halfway to reaching its target of £25.0 million.

The School's balance sheet shows total net assets at 31st August 2023 of £17,741,275 (2022: £17,538,038).

Income for the year is a key performance indicator and totalled £3,647,520 (2022: £3,166,128).

Principal sources of other funding arose from donations, fees charged to students attending the School's public and online courses and artwork commission.

Our income comprised of:

	2023	2022
Donations	£2,222,736	£1,806,287
Educational activities	£1,355,835	£1,205,993
Investments	£68,949	(£2,835)
Foreign exchange gain		£156,683
Total	£3,647,520	£3,166,128

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Expenditure for the year totalled £3,791,629 (2022: £3,157,680), of which staff and tutor costs comprised the main expenditure in the delivery of the School's programmes.

Adjusted by investment gains and losses, the resulting surplus was £203,237 (2022: loss £856,802).

Fundraising approach and performance

The School concentrates its fundraising efforts on securing the support of individuals, charitable trusts and foundations whose interests in the arts and education are aligned with its mission to promote drawing. Donations to the Royal Drawing School and offers to become a Patron are accepted on the basis that they contribute towards the general objectives of the School and are in line with our values and mission. We carry out due diligence appropriate in relation to the size and nature of a donation before accepting funds. We assess and manage any risks fundraising poses to the Royal Drawing School's activities, beneficiaries, property, work and reputation; we do this through our Ethical Fundraising Group and through two external due diligence bodies. The School has up to date GDPR and Privacy policies that are publicly available. The School is registered with the Fundraising Regulator and no complaints were received during the year.

Policy on reserves

The School has reserves of £17,741,275 at the year ended 31 August 2023 (2022: £17,538,038). This comprises restricted funds of £253,866 (2022: £78,029), endowment funds of £13,779,726 (2022: £13,909,870), designated funds of £2,436,888 (2022: £2,182,554) and unrestricted general funds of £1,270,795 (2022: £1,367,585).

To mitigate financial risk for the charity, the Trustees' aim is to establish a level of unrestricted general reserves covering at least six months of operating expenditure. On this basis, trustees have sought and now achieved to build unrestricted general funds of approximately £1,600,000.

Trustees approved a new financial model in 2020 and subsequently we have been able to generate a level of surplus each year.

Investment policy and performance

The School has adopted a new strategy and financial model to ringfence the Endowment Fund and build additional unrestricted reserves. Funds from the School's successful endowment campaign are invested by the Trustees' Investment Committee, with the primary purpose of supporting the activities of the School by providing a good income for operational costs, whilst retaining the real term capital value of funds invested.

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For the permanent endowment, received on 4 August 2014, the School has adopted The Charities (Total Return) Regulations 2013 as explained in Note 8 to the accounts. The Trustees, have set the allocation of total returns at 4% of the gross capital Endowment Fund value for 2022-23.

The Endowment Fund is managed by an outsourced corporate CIO on a discretionary basis with continuing oversight from the Investment Committee, on which two members of the Board sit. The Investment Committee meets two times a year. The investment Committee set absolute total return objectives.

It is expected that the Endowment Fund will attract further support in the coming years and increase in size. For the year, which was another difficult year for investments globally the investment managers generated a net investment gain of £347,346(3%) (2022 loss £865,250).

STRATEGIC REPORT - PLANS FOR FUTURE YEARS

The School plans to continue the Drawing Year, Young Artist and Public Programme activities outlined on pages 3 and in the forthcoming years, along with developing our programme of online courses subject to satisfactory funding arrangements. Ensuring the School's long-term and sustainable future as a valued and accessible teaching resource, of acknowledged national and international excellence in its own specialist field, remains at the forefront of its planning.

2025 is the School's 25th anniversary and this year will be used as a moment to mark this significant milestone with a series of events along with a substantial capital fundraising campaign.

Trustees have adopted a five-year strategy, to deliver a balanced budget by reducing operational costs and increasing income. A small surplus is generated each year to build reserves and safeguard the Endowment Fund. Income will be increased through the Public Programme, investing in the newly built Gallery Studios in Shoreditch London (main campus), and through our income stream of online courses. The 2022-23 surplus will be applied to investments in our website and customer relationship management system and the continuation of London Living Grants.

The strategy is measured against our educational and charitable remit and delivered in a manner that develops greater financial security year on year and a long-term sustainable future.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Royal Drawing School was founded as part of The Prince's Foundation in 2000, commencing as a separate charitable company on 1 April 2004. The Royal Drawing School is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12 November 2003 (amended 13 June 2017), which established the objects and powers of the charitable company.

Governance and Management

The directors of the company are also charity trustees for the purposes of charity law. There must be at least three trustees, and they are recruited by resolution of the existing trustees on the basis of their knowledge of the art and art education worlds or their business experience. Trustees receive an induction pack, including Board papers from the last meeting and School literature, and meet with the Principal, Founding Artistic Director and members of the Senior Leadership team as way of introduction to the School's work. Additionally, they visit the School to meet students, observe classes. As part of ongoing training throughout their term, they are invited to attend all sub-committees and to meet with students, staff and faculty to keep fully informed with the work of the School. During their tenure trustees have the opportunity to have ongoing training, paid for by the School, to help them fulfil their duties.

The board of trustees meets at least four times each year, to set the overall strategic direction of the charity and to monitor the achievement of its objectives. A Finance & Audit Committee of key trustees and management personnel of the charity meet four times a year and are in charge of directing and controlling, running and operating the Charity. Day to day management of the charity is delegated to the Principal (who is not a Companies Act Director).

All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 15 to the accounts. The employees included in the key management personnel are the Founding Artistic Director and Principal.

The pay of the Founding Artistic Director and Principal, and all other staff, is reviewed annually, and normally increased in accordance with average earnings to reflect a cost-of-living adjustment.

In September 2022, a phased salary increase was made to all eligible staff - the Principal and senior leadership team received a 4% cost of living increase and up to 8% for other staff depending on base salary to benefit those on lower-level incomes. A 5% salary increase for all eligible staff was made from 1st September 2023.

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Committees

A committee of the trustees and key management personnel, the Finance & Audit Committee, undertakes detailed consideration of the School's key strategic and operational issues and advises the trustees in relation to their responsibilities for financial management, control and reporting, as well as in relation to the management of human resources. The members of the committee, which meets four times each year, are:

Nicholas Vetch (Chair of the Finance and Audit Committee)

Fope Adelowo (Trustee)

David Macmillan (Trustee)

Matthew Rice (Trustee)

Sir Charles Saumarez Smith (Trustee, Chair of the Board)

Catherine Goodman (Founding Artistic Director)

Julia Balchin (Principal)

Members of the Senior leadership Team attend as delegates as required.

The Academic Board advises the trustees on their responsibilities for setting the School's curriculum and for ensuring the highest academic standards and reputation. The members of the Academic Board are:

Sir Charles Saumarez Smith (Chair of the Academic Board)

Julian Bell

Mark Cazalet

Professor Ewan Clayton

Constanza Dessain

Liza Dimpleby

William Feaver

Richard Ikhide

Catherine Goodman (Founding Artistic Director)

Professor Eileen Hogan (Trustee)

Timothy Hyman RA

Kathryn Maple

Harry Parker (Deputy Director, Director of Education)

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Lindsay Sekulowicz

Martin Shortis

Dr. Claudia Tobin

An External Assessment Board provides independent, external monitoring and evaluation of the work of Drawing Year students and recommendations on the course of study. Its membership comprises of artists and art academics and is:

Dr. Xavier Bray (Chair)

Rachel Campbell Johnston

Sydney Picasso

Thomas Dane

Bharti Kher

Rosa Loy

The School's Investment Committee oversees the investment of the School's endowment funds. The Committee's members are all investment professionals of significant reputation and standing. They are:

Howard Marks (Chair of the Investment Committee)

Evy Hambro

Fope Adelowo

Francesco Goedhuis

Stuart Roden

Nicholas Vetch (Chair of the Finance and Audit Committee and Trustee)

STRATEGIC REPORT- RISK MANAGEMENT

The trustees review the major risks to which the charity is exposed, no less than annually, and have adopted a formal risk-management process to evaluate risk by likelihood and impact. The trustees are satisfied that the risk control document generated by this process, enables them to identify and mitigate risk to an acceptable level. The most significant risks and mitigations are detailed below:

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RISK	MITIGATION
The Schools course fee income reduces and creates a larger operating deficit.	Courses are vigorously promoted to attract subscribers and the levels of fees is reviewed in advance as part of the annual budget setting process.
Fundraising receipts reduce effecting the financial viability of the School.	The School continues to generate contact with its patrons and donors and put together a programme of engagement to maintain their interest and attract new patrons and donors.
The School faces an allegation of sexual, racial or religious misconduct or discrimination.	To continue to develop a culture of openness and transparency, supported by appropriate Safeguarding training.
The costs of running the building become prohibitive, the School does not have fit for purpose premises in which to deliver its programmes.	Bare Trust agreement to protect interests at Charlotte Road, actively seek to reduce running costs including energy rating.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charitable company and of the surplus or deficit of the charitable company for that year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Haysmacintyre, are deemed to be appointed under section 487(2) of the Companies Act 2006.

This report, which incorporates the Strategic Report, was approved by the trustees and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'N. Vetch', with a stylized flourish extending to the right.

Nick Vetch
Date: 13th March 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL DRAWING SCHOOL

Opinion

We have audited the financial statements of The Royal Drawing School for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including 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 2023 and of the charitable company's net movement in funds, including the 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 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements

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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' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, 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

THE ROYAL DRAWING SCHOOL
AUDIT REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

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.

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of trustees;
- Identifying and testing journals, in particular journal entries posted unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law

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or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 20 March 2024

The Royal Drawing School
Statement of financial activities including income and expenditure account
Year ended 31 August 2023

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
	Notes	31-Aug-23	31-Aug-23	31-Aug-23	31-Aug-23	31-Aug-22
		£	£	£	£	£
Income from:						
Donations and legacies		1,320,146	902,590	-	2,222,736	1,806,287
Charitable activities:						
Education		1,355,835	-	-	1,355,835	1,205,993
Investments		61,580	-	7,369	68,949	(2,835)
Other		-	-	-	-	156,683
Total income	2	2,737,561	902,590	7,369	3,647,520	3,166,128
Expenditure on:						
Raising funds		406,331	-	44,859	451,190	331,166
Charitable activities:						
Education		2,613,686	726,753	-	3,340,439	2,826,514
Total expenditure	3	3,020,017	726,753	44,859	3,791,629	3,157,680
Net income / (expenditure) before change in market value of investments and transfers		(282,456)	175,837	(37,490)	(144,109)	8,448
Change in market value of investments		-	-	347,346	347,346	(865,250)
Net income / (expenditure) for the year		(282,456)	175,837	309,856	203,237	(856,802)
Transfer - allocation of total return		440,000	-	(440,000)	-	-
Transfer between funds			-		-	-
Net movement in funds		157,544	175,837	(130,144)	203,237	(856,802)
Total funds brought forward		3,550,139	78,029	13,909,870	17,538,038	18,394,840
Total funds carried forward	11,12	3,707,683	253,866	13,779,726	17,741,275	17,538,038

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements.

The notes on pages 23 to 35 form part of these financial statements.

The Royal Drawing School
Balance sheet
As at 31 August 2023

	Notes	31-Aug-23 £	31-Aug-22 £
Fixed assets			
Tangible assets	7	2,401,531	2,485,366
Investments	8	13,097,297	13,345,511
		<u>15,498,828</u>	<u>15,830,877</u>
Current assets			
Debtors	9	457,598	393,813
Cash at bank and in hand		2,833,649	1,917,162
		<u>3,291,247</u>	<u>2,310,975</u>
Creditors: amounts falling due within one year	10	(1,048,800)	(603,814)
Net current assets		<u>2,242,447</u>	<u>1,707,161</u>
Total net assets		<u>17,741,275</u>	<u>17,538,038</u>
Represented by:			
Restricted funds		253,866	78,029
Endowment funds		13,779,726	13,909,870
Designated fund		2,436,888	2,182,554
General fund		1,270,795	1,367,585
	11,12	<u>17,741,275</u>	<u>17,538,038</u>

The notes on pages 23 to 35 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 23 March 2024 and were signed on its behalf by:



Nicholas Vetch
Trustee

Company number: 4971133

The Royal Drawing School
Statement of cash flows
Year ended 31 August 2023

	Ref	31-Aug-23 £	31-Aug-22 £
Cash flows from operating activities:	Note A	301,632	594,801
Cash flows from investing activities:			
Dividends and interest from investments		68,950	(2,835)
Purchase of fixed assets		(49,656)	(366,889)
Disposal of fixed assets		-	-
Proceeds from sale of investments		1,887,228	6,227,647
Purchase of investments		(1,291,667)	(5,992,314)
Net cash provided by / (used in) investing activities		614,855	(134,391)
Change in cash and cash equivalents in the year		916,487	460,410
Cash and cash equivalents at the beginning of the year		1,917,162	1,456,752
Cash and cash equivalents at the end of the year		<u>2,833,649</u>	<u>1,917,162</u>

Note A - reconciliation from SOFA to cash

Net income / (expenditure) in the year	SOFA	232,237	(856,802)
(Gains)/losses on investments	Note 8	<u>(347,346)</u>	<u>865,251</u>
		(347,346)	865,251
Dividends, interest and rent from investments	Note 2	<u>(68,949)</u>	<u>2,835</u>
		(68,949)	2,835
Depreciation charges	Note 7	133,491	116,735
(Increase)/decrease in debtors		(63,787)	403,055
Increase in creditors		<u>415,986</u>	<u>63,727</u>
		485,690	583,517
Net cash provided by / (used in) operating activities		<u>301,632</u>	<u>594,801</u>

1 Accounting policies

The School (company number: 04971133) is a private charitable company limited by guarantee, is incorporated in England and Wales and is registered at 19-22 Charlotte Road, London, EC2A 3SG.

1.01 Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note(s).

The key judgements and estimates and accounting policies are set out in 1.02 to 1.17 below.

1.02 Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include the assumptions around the probability of receipt of accrued income and the valuation of investments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The School meets the definition of a public benefit entity under FRS 102.

1.03 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.

1.04 Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable the income will be received and the amount can be measured reliably.

The n

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1.05 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

1.06 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose

- Expenditure on charitable activities includes the costs of the operational charitable programmes, and the costs incurred by corporate service teams to support these programmes, which are undertaken to further the purposes of the charity along with their associated support costs

1.07 Allocation of support costs

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

1.08 Operating leases

Rents payable under operating leases are charged against income on a straight line basis over the lease term.

1.09 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets denominated in foreign currencies are translated at the rate ruling at the balance sheet date.

1.10 Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Freehold buildings	- over 50 years on cost
- Fixtures, fittings and equipment	- over 3 years on cost
- Website and booking system	- over 4 years on cost
- Leasehold improvements	- over 5 years on cost

1.11 Investments

The investments are held at market value at the year end date. For quoted investments these are the values as at 31 August. For other investments, notably private equity funds, where valuation dates are not coterminous with the charity's year end, a best estimate is made of their market value as at 31 August.

1.12 Debtors

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

1 Accounting policies (continued)

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Pensions

The School operates defined contribution pension arrangements, the assets of which are held separately from those of the School in independently administered funds. Contributions are charged to the income and expenditure account as they become payable.

1.16 Fund accounting

The School maintains five types of fund:

- General unrestricted funds are those which can be used in accordance with the School's charitable objects at the discretion of the trustees.
- Designated unrestricted funds comprise funds which have been set aside at the discretion of the Board of Trustees for specific purposes.
- Restricted funds are donations, sponsorships or grants given for a specific piece of work or area of activity, mainly scholarships and community work.
- Permanent endowment funds are funds where the capital must be held permanently by the School. The funds are invested, or held in cash, and the movement in fund values are recognised in the SOFA as investment gains and losses. Income arising on permanent endowment funds is treated as part of the total return. See note 8.
- Expendable endowment funds comprise funds held on trust to be retained for the benefit of the School as a capital fund. The Trustees have power of discretion to convert endowed capital into income.

1.17 Estimates and judgements

Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately differ from those estimates.

The valuation of investments is a key accounting estimate, as two of the investment funds are closed funds, and valuations are only obtainable on a calendar quarterly basis. There are no available benchmarking tools available to calculate the movement between statements, and so the value in these accounts is held per the latest available quarterly statement released in this financial year.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life, per note 1.11.

Trustees have found no additional areas of judgement with a significant effect on the financial statements.

2 Income

	General Funds	Restricted Funds	Endowment Funds	Total	Total
	31-Aug-23	31-Aug-23	31-Aug-23	31-Aug-23	31-Aug-22
	£	£	£	£	£
Donations and legacies	1,320,146	902,590	-	2,222,736	1,806,287
Charitable activities					
Course fees	1,206,377	-	-	1,206,377	1,108,362
Materials	16,809	-	-	16,809	13,768
Other income	132,649	-	-	132,649	83,863
	1,355,835	-	-	1,355,835	1,205,993
Investments					
Deposit account interest	61,580	-	-	61,580	545
Dividends and interest	-	-	7,369	7,369	(3,380)
	61,580	-	7,369	68,949	(2,835)
Other					
Exchange gains / (losses)	-	-	-	-	156,683
	-	-	-	-	156,683
	2,737,561	902,590	7,369	3,647,520	3,166,128

3 Expenditure

	31-Aug-23	31-Aug-22
	£	£
Raising Funds		
Staff costs (Note 5)	181,436	132,271
Investment management	44,859	-
Publicity and fundraising	224,895	198,895
	451,190	331,166
Charitable activities		
Educational activity:		
Staff costs (Note 5)	1,019,474	955,595
Other direct costs (Note 4)	1,875,978	1,690,647
Support costs (Note 4)	444,987	180,272
	3,340,439	2,826,514
	3,791,629	3,157,680

4 Other direct costs and support costs

	31-Aug-23	31-Aug-22
	£	£
Other direct costs comprise:		
Tutors and models	800,497	715,478
Premises costs (including staff costs - Note 5)	363,441	300,344
Bursaries and prizes	83,770	50,259
Other direct costs (including depreciation)	628,270	624,566
	1,875,978	1,690,647
Support costs comprise:		
Financial and secretarial	147,970	68,111
Exchange (gains)/losses	169,631	-
Insurance	18,399	13,381
Bank interest and charges	53,634	60,781
Governance:		
Legal and corporate costs	23,900	25,508
Audit fees (Note 6)	31,453	12,491
	444,987	180,272

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2023

5	Staff costs	31-Aug-23 £	31-Aug-22 £
	Wages and salaries	985,702	923,877
	National insurance	96,205	86,496
	Pension costs	55,118	51,375
		1,137,025	1,061,748
	Temporary staff costs	15,851	720
	Recruitment and training costs	48,034	25,398
		1,200,910	1,087,866

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	31-Aug-23 Number	31-Aug-22 Number
£70,000 - £79,999	-	1
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-
	£	£
Pension costs for higher paid staff were:	12,606	18,125

The average number of employees (head count based on number of staff employed) during the year was 43 (2022: 51). The average number of full time equivalent employees during the year analysed by function, was:

	31-Aug-23 Number	31-Aug-22 Number
Artistic and executive directors	2	2
Education programmes	39	25
Technicians	2	5
	43	32

The total employee benefits including pension contributions of the key management personnel were £209,619 (2022: £193,369).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

6	Net (outgoing)/incoming resources before other recognised gains and losses	31-Aug-23 £	31-Aug-22 £
	This is stated after charging:		
	Auditors' remuneration	26,460	15,750
	Depreciation	133,490	116,735

Trustees are eligible to be reimbursed for travel and incidental expenses incurred in the performance of their duties; £nil was claimed (2022: nil). One trustee received fees totalling £1,560 in connection with services as a self-employed drawing tutor (2022: one). No trustees received fees in relation to services provided on an arm's length basis (2022: none).

7 Tangible fixed assets

	Freehold land and buildings £	Leasehold Improvements £	Website & Booking System £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2022	2,416,667	490,658	102,576	38,326	3,048,227
Additions	-	39,079	2,881	7,696	49,656
Disposals	-	-	-	-	-
At 31 August 2023	<u>2,416,667</u>	<u>529,737</u>	<u>105,457</u>	<u>46,022</u>	<u>3,097,883</u>
Depreciation					
At 31 August 2022	304,113	134,234	86,188	38,326	562,861
Charge for the year	30,668	92,688	9,218	917	133,491
Disposals	-	-	-	-	-
At 31 August 2023	<u>334,781</u>	<u>226,922</u>	<u>95,406</u>	<u>39,243</u>	<u>696,352</u>
Net book value					
At 31 August 2023	<u>2,081,886</u>	<u>302,815</u>	<u>10,051</u>	<u>6,779</u>	<u>2,401,531</u>
At 31 August 2022	<u>2,112,554</u>	<u>356,424</u>	<u>16,388</u>	<u>-</u>	<u>2,485,366</u>

All of the above assets are used for charitable purposes.

8 Investments

	31-Aug-23 £	31-Aug-23 £	31-Aug-23 £
Current Year	Permanent	Expendable	Total
Market value at 31 August 2022	6,797,526	6,547,985	13,345,511
Additions at cost	-	1,291,667	1,291,667
Disposals at cost	(575,847)	(878,923)	(1,454,770)
Movement in cash held for investments	(391,701)	(40,756)	(432,457)
Change in market value	147,516	199,830	347,346
Market value at 31 August 2023	<u>5,977,494</u>	<u>7,119,803</u>	<u>13,097,297</u>
Prior Year	31-Aug-22 £	31-Aug-22 £	31-Aug-22 £
	Permanent	Expendable	Total
Market value at 31 August 2021	7,358,106	7,087,988	14,446,094
Additions at cost	-	5,992,314	5,992,314
Disposals at cost	(19,686)	(6,236,680)	(6,256,366)
Movement in cash held for investments	(22,709)	51,429	28,720
Change in market value	(518,185)	(347,066)	(865,251)
Market value at 31 August 2022	<u>6,797,526</u>	<u>6,547,985</u>	<u>13,345,511</u>

8 Investments (continued)

Market Value	31-Aug-23 £ Permanent	31-Aug-23 £ Expendable	31-Aug-23 £ Total
Current Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	17,677	-	17,677
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	-	-
iShares Core MSCI World UCITS ETF	-	891,467	891,467
Partners Capital Greyhawk Cayman Feeder Fund, Ltd	-	2,243,604	2,243,604
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 January 2022 Series	-	-	-
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 Lead Series	-	1,930,616	1,930,616
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 October 2021	-	-	-
Partners Capital Secondaries	-	322,555	322,555
Partners Capital Condor Fund XV (Cayman) LP	-	159,787	159,787
Partners Capital Condor Fund XVI (Cayman)	-	82,400	82,400
The Master Portfolio (C) Ltd - GBP	5,952,800	1,396,336	7,349,136
Other Investments	59,166	40,889	100,055
Amedeo Air Four plus Limited			-
Cash held for investment	59,166	40,889	100,055
Total market value	6,029,643	7,067,654	13,097,297
Prior Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	170,393	-	170,393
iShares Core MSCI World UCITS ETF	-	1,157,907	1,157,907
Partners Capital Greyhawk Cayman Feeder Fund, Ltd	-	2,245,681	2,245,681
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 January 2022 Series	-	29,565	29,565
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 Lead Series	-	1,460,422	1,460,422
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 October 2021	-	-	-
Partners Capital Condor Fund XV (Cayman) LP	-	113,794	113,794
The Master Portfolio (C) Ltd - GBP	6,176,270	1,458,964	7,635,234
Other Investments	450,867	81,646	532,513
Total market value	6,797,530	6,547,979	13,345,509
Income for the year			
Current Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	2,126	-	2,126
Ruffer Total Return Fund – C Inc GBP	-	-	-
iShares Core MSCI World UCITS ETF	-	5,243	5,243
Other Investments	-	-	-
Cash held for investment	-	-	-
Total income	2,126	5,243	7,369
Prior Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	117,513	-	117,513
Other Investments	-	-	-
Total income	117,513	-	117,513

8 Investments (continued)

Permanent endowment funds: Total Return Accounting

The School has adopted The Charities (Total Return) Regulations 2013 issued by the Charity Commission and has implemented the total return investment powers in relation to its permanent endowment investment. The regulation permits the trustees to invest the portfolio to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of the unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The trustees have exercised their power to allocate unapplied total return to income of £440,000 (2022: £360,000) in the year. Total allocation of return to income represents 4% annual of the average fund value held during the year, subject to sufficient unapplied total return.

The investment fund and application of total return to permanent endowment funds:

	31-Aug-23	31-Aug-22
	£	£
Opening value of permanent endowment	6,797,530	7,358,106
Less: Original value of the gift	(4,000,000)	(4,000,000)
Unapplied total return brought forward	2,797,530	3,358,106
Add / (Less)		
Investment return: dividends and interest	2,126	(3,380)
Investment Costs	(44,859)	
Investment return: gains and (losses)	147,516	(197,196)
Unapplied total return before transfer to income	2,902,313	3,157,530
Less		
Total return applied	(440,000)	(360,000)
Unapplied return as at 31 August 2021	2,462,313	2,797,530
Add		
Original value of the gift brought forward	4,000,000	4,000,000
New endowments in the year	-	-
Permanent endowment including unapplied total return as at 31 August 2022 constituting the investment fund	6,462,313	6,797,530

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2023

9 Debtors

	31-Aug-23 £	31-Aug-22 £
Trade debtors	26,694	38,038
Donations receivable	180,628	124,346
Prepayments	74,353	58,799
Other debtors	175,923	172,630
	457,598	393,813

10 Creditors: amounts falling due within one year

	31-Aug-23 £	31-Aug-22 £
Trade creditors	258,649	350,124
Accruals	77,789	31,591
Deferred income	647,923	157,027
Other taxes and social security	67,253	26,528
Sundry creditors	(2,814)	38,544
	1,048,800	603,814
Opening deferred income	157,027	309,997
Released in the year	(157,027)	(309,997)
Income deferred in the current year	647,923	157,027
	647,923	157,027

11 Movement on funds

	At 31 August 2022 £	Income £	Expenditure £	Transfer £	Other recognised gains / losses £	At 31 August 2023 £
Current Year						
Unrestricted funds						
General Fund	1,367,585	2,737,561	(2,944,351)	110,000	-	1,270,795
Designated Property Fund	2,112,554	-	(30,666)	-	-	2,081,888
Digital	70,000			280,000		350,000
London Living Fund	-		(45,000)	50,000		5,000
	3,550,139	2,737,561	(3,020,017)	440,000	-	3,707,683
Restricted funds						
Artist On Film	20,602	-	-	-	-	20,602
Windrush	-	195,963	(131,531)	-	-	64,432
Drawing Year Fund	-	312,030	(312,030)	-	-	-
Young Artists Programme	-	121,004	(121,004)	-	-	-
Foundation Year Fund	25,578	75,198	(100,776)	-	-	-
Denis Mahon	10,492	10,000	(5,718)	-	-	14,774
Alumni & DH	21,357	10,000	(27,299)	-	-	4,058
Public Programme General	-	28,395	(28,395)	-	-	-
Scholarship and general restricted	-	-	-	-	-	-
Building Works Fund	-	-	-	-	-	-
Living Library	-	150,000				150,000
	78,029	902,590	(726,753)	-	-	253,866
Endowment funds						
Permanent endowments	6,797,529	2,126	(44,859)	(440,000)	147,516	6,462,312
Expendable endowments	7,112,340	5,243		-	199,831	7,317,414
	13,909,869	7,369	(44,859)	(440,000)	347,347	13,779,726
Total funds	17,538,037	3,647,520	(3,791,629)	-	347,347	17,741,275

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2023

11	Movement on funds (continued)	-	-	(0)		
	At 31 August 2021 £	Income £	Expenditure £	Transfer £	Other recognised gains / losses £	At 31 August 2022 £
Prior Year						
Unrestricted funds						
General Fund	807,792	2,379,205	(2,398,843)	579,431	-	1,367,585
Designated Property Fund	2,143,221	-	(30,667)	-	-	2,112,554
Digital	-			70,000		70,000
	2,951,013	2,379,205	(2,429,510)	649,431	-	3,550,139
Restricted funds						
Artist On Film	20,602	-	-	-	-	20,602
Drawing Year Fund	4,900	340,093	(344,993)	-	-	-
Young Artists Programme	-	19,721	(19,721)	-	-	-
Foundation Year Fund	-	47,117	(21,539)	-	-	25,578
Denis Mahon	12,450	10,000	(11,958)	-	-	10,492
Alumni & DH	17,375	17,972	(13,990)	-	-	21,357
Public Programme General	-	53,059	(53,059)	-	-	-
Scholarship and general restricted	-	262,910	(262,910)	-	-	-
Building Works Fund	250,000	39,431	-	(289,431)	-	-
	305,327	790,303	(728,170)	(289,431)	-	78,029
Endowment funds						
Permanent endowments	7,358,106	(3,380)	-	(360,000)	(197,196)	6,797,530
Expendable endowments	7,780,394	-	-	-	(668,055)	7,112,339
	15,138,500	(3,380)	-	(360,000)	(865,251)	13,909,869
Total funds	18,394,840	3,166,128	(3,157,680)	-	(865,251)	17,538,037

11 Movement on funds (continued)

Designated Property Fund

This is a designated fund representing the net book value of the charity's one third share of 19-22 Charlotte Road, London EC2A 3SG.

Designated Digital Fund

The trustees designated £350k of funds as at 31 August 2023 towards the development of the digital strategy.

Designated London Living Grant Fund

The Trustees designated £50k of funds as at 31 August 2023 towards living grant bursaries.

Artist On Film

This fund is to support the delivery of the School's Artist on Film series.

Windrush

This fund is to support the delivery of the School's Windrush series.

Drawing Year Fund

This fund is to support the delivery of the School's MA-level Drawing Year.

Young Artists Programme

This fund is to support the School's Young Artists Programme of weekly drawing classes for children and young people aged 11-18.

Artists Residencies

This fund is to supports the School's international artist residency programme.

Foundation Year Fund

This fund is to support the delivery of the School's Foundation Year.

Denis Mahon

This fund is to support the artistic practice of an alumnus of the School's MA-level Drawing Year.

Alumni & DH

This fund is to support the professional development and artistic practice of alumni of the School's Drawing Year programme.

Public Programme General

This fund is to update the fabric of the building at 19-22 Charlotte Road.

Scholarship and general restricted

Funds restricted to supporting scholarship and other activities of the School

Building Works Fund

During the year the charity completed the work on the new teaching studios and exhibition space at Charlotte Road and as a result transferred the restricted fund supported by Maria Manetti Shrem to unrestricted funds

11 Movement on funds (continued)

Endowment Funds

	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Current Year			
Balance brought forward at 1 September 2022	6,797,529	7,112,340	13,909,869
Endowment capital received			
Howard & Nancy Marks			-
Dividends and interest received net of expenses	(42,733)	5,243	(37,490)
	6,754,796	7,117,583	13,872,379
Change in market value of investments	147,516	199,831	347,347
Transfer from General Fund (note 11)	-	-	-
Total return applied	(440,000)	-	(440,000)
Balance carried forward at 31 August 2023	6,462,312	7,317,414	13,779,726
Represented by:			
Fixed Asset Investments	6,029,643	7,067,653	13,097,296
Cash	432,669	249,761	682,430
	6,462,312	7,317,414	13,779,726
	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Prior Year			
Balance brought forward at 1 September 2021	7,358,106	7,780,394	15,138,500
Endowment capital received			
Howard & Nancy Marks	-	-	-
Dividends and interest received net of expenses	(3,380)	-	(3,380)
	7,354,726	7,780,394	15,135,120
Change in market value of investments	(197,197)	(668,054)	(865,251)
Transfer to General Fund (note 11)	-	-	-
Total return applied	(360,000)	-	(360,000)
Balance carried forward at 31 August 2022	6,797,529	7,112,340	13,909,869
Represented by:			
Fixed Asset Investments	6,797,529	6,547,985	13,345,514
Cash	-	564,355	564,355
	6,797,529	7,112,340	13,909,869

12 Analysis of net assets between funds

	General Fund 2023 £	Designated, Digital Fund and London Living Grant Fund 2023 £	Restricted Funds 2023 £	Endowment Funds 2023 £	Total Funds 2023 £
Current year					
Fixed assets	319,645	2,081,886	-	13,097,297	15,498,828
Net current assets	951,150	355,002	253,866	682,429	2,242,447
	1,270,795	2,436,888	253,866	13,779,726	17,741,275
	General Fund 2022 £	Designated Fund 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 2022 £
Prior year					
Tangible fixed assets	372,812	2,112,554	-	13,345,511	15,830,877
Net current assets	994,772	70,000	78,029	564,358	1,707,159
	1,367,584	2,182,554	78,029	13,909,869	17,538,036

13 Pensions

The Royal Drawing School contributes to individuals' personal pension schemes, which are thus accounted for as a defined contribution pension scheme.

The cost recognised within the result for the year in the statement of financial activities (see Note 5) is equal to the contributions payable during the year.

14 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

15 Related parties

Trustees donated £25,000 in the year (2022: nil). Nick Vetch, trustee is also a Director of Big Yellow Group PLC. During the year the charity rented space on an arms length basis totalling £0 (prior year £1,750). At the year end the balance included in creditors was £440.

16 Financial commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

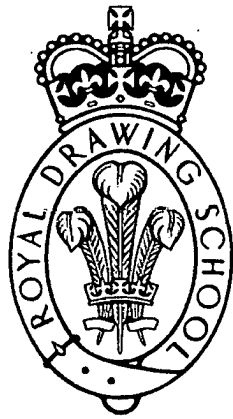
	31-Aug-23	31-Aug-22
Office equipment		
Payable within one year	17,272	17,272
Payable in two to five years	27,009	44,281

THE ROYAL DRAWING SCHOOL

England & Wales - Charity number 1101538

Accounts

Company number 4971133



ROYAL DRAWING SCHOOL

THE ROYAL DRAWING SCHOOL

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**



THE ROYAL DRAWING SCHOOL

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THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charitable company for the year ended 31 August 2022. The Trustees have adopted the provisions of the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number: 4971133 (Registered in England and Wales)
Registered Charity number: 1101538
Registered Office: 19-22 Charlotte Road, Shoreditch, London EC2A 3SG

Founding Royal Patron HM King Charles III

Trustees

Sir Charles Saumarez Smith	Chair
Fope Adelowo	
Dame Glenda Bailey	
The Hon David Macmillan	
Evy Hambro	Retired 30 November 2022
Bettina von Hase	
Professor Eileen Hogan	
Matthew Rice	
Alexander Sturgis	
Nicholas Vetch	Chair of the Finance and Audit Committee

Senior Management Team: Catherine Goodman - Founding Artistic Director
Julia Balchin - Principal

Auditors: Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Bankers: National Westminster Bank Plc, Cavell House,
2a Charing Cross Road, London WC2H 0PD

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

OBJECTIVES AND ACTIVITIES

Purposes and aims

Our charity's purposes as set out in the objects contained in the company's memorandum of association are to benefit the public through:

- the advancement of the education of the public in the arts of drawing, painting, sculpture and print making.

The aim of our charity is to raise the standard and profile of observational drawing and improve accessibility to high quality drawing tuition. This aim fully reflects the purposes the charity was set up to further.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous year. We look at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. Our review also helps us to ensure that our aims, objectives and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, we consider how planned activities will contribute to the aims and objectives we have set.

The focus of our work

Our main objective for the year continued to be to raise the standard and profile of observational drawing. The main activities we engaged in to meet this objective were:

- ***The Drawing Year*** – approximately 30 students are accepted each year onto our postgraduate level, fifteen-month course in drawing. They each receive a scholarship to cover all their course fees, tutorials, lectures and forums. Each student also receives a free studio space in which to undertake their own artistic practice. A number of students are allocated means-tested maintenance grants to assist with living expenses.
- ***Public Courses*** – consisting of three terms of subsidised day and evening courses, open to artists, creatives and members of the public interested in drawing, taught at all levels. There are also holiday courses at Easter and Christmas, as well as a summer school. Courses are held at our own studios, as well as in the principal museums and galleries, and out and about in London. A fee paying programme - our full rate is subsidised and a wide range of additional concessions are offered to ensure our courses are available to all.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

- ***The Young Artists Programme*** – providing serious and sustained drawing teaching for talented and committed children aged from 10 to 18. Full and partial scholarship support is offered to students on a means-tested basis. Classes take place every week during term-time and are taught by alumni of our Drawing Year programme.
- ***Online Drawing Programme*** – the School has extended its offer by creating live online teaching courses, delivering our teaching to a national, and international audience. The online programme responds to our charitable mission by making our high-quality drawing courses accessible to those unable to attend our studios in person due to disability, illness, distance, working or caring commitments. The programme enables us to reach isolated individuals or communities, and areas of the UK with limited access to arts education and venues, as well as developing an international audience, with students attending from 36 countries worldwide. Courses are fee paying with means tested concessions and bursaries available to ensure the programme is accessible to all.

STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

All of our charitable activities focus on raising the standard and profile of observational drawing through teaching and practice, and are undertaken to further our charitable purposes for the public benefit.

The School has established itself as a valued, specialist teaching resource, within the landscape of UK art education. The School aims to make it possible for anyone with a talent and passion for drawing to take its courses.

The School has developed a new five year plan and financial model to ensure the School's long term sustainability and financial security. The success of the strategy is measured both against our educational and charitable objectives as well as short- and long-term financial goals. The outcomes at the end of the financial year 2021-22 are in line with the strategy for year two.

Following the decision to close our secondary Campus at Trinity Buoy Wharf at the end of 2021 academic year, Trustees took a strategic decision to concentrate activity under one roof at our main campus in Shoreditch, London. As such we invested in a capital project to improve and increase teaching and exhibitions space at our main campus, which was completed in October 2021. The capital development provides two new teaching studios, flexible exhibitions space and new office space. This has increased public engagement, bringing greater street level presence, and served the community with an expanded programme of drawing based courses and exhibitions programme. Additionally, the School developed a permanent programme of online drawing courses to complement studio teaching, expanding our audience to national regions, worldwide and those who cannot physically attend courses - we aim to develop our online offer further in future years. We completed our digital audit, which forms phase one of the digital expansion strategy.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

WHO USED AND BENEFITED FROM OUR ACTIVITIES?

Covid19 had an impact on the School's delivery in autumn and spring of the financial year. Our digital programme, along with our Covid response plan enabled us to deliver a full programme of study both in person and digitally throughout. The quality and availability of teaching programmes was not compromised throughout. The School bore a financial impact in the number of public programme bookings as students, in keeping with the general population, continued to reduce public contact.

Drawing Year 2020/21 Cohort

The start date of the 2020/21 cohort was postponed to January 2021 due to the pandemic to enable the outgoing year (2019/2020) to receive a full 15 month course and in person teaching as part of the School's ongoing commitment to deliver the highest level of tuition and student experience for all students.

As such, the 2020/21 cohort graduated in April 2022, after completing a full 15 month programme of study. A reduced cohort of 26 students was selected to allow for social distancing and space to accommodate the extended outgoing year. Students were selected from more than 450 applicants. The first term was held during national lockdown of January 21 – as required this term was taught online. From March onwards all sessions were held in person once again. No taught time was lost during the pandemic and the student's received their full run of in-person exhibitions.

The School's programme of weekly lectures and 'in-conversations' with distinguished speakers and contemporary artists was held online, and was well attended by Drawing Year students and the general public from across the globe.

The External Assessment Board assessed all the students' work for the year and awarded the annual prizes on merit. The work was deemed to be of a very high standard across the board and it was felt that the quality of the work had not been affected by the Covid pandemic. Students commented on the high level of support they received throughout the course and in particular the response to the pandemic. All students in the cohort successfully graduated in April 2022.

Members of the External Assessment Board are outlined on p 11.

Drawing Year 2021/22

The Drawing Year 2021/22 started in September 2021 and extended over four terms, concluding in December 2022. The Drawing Year consists of a taught component from September to June, followed by six months of studio practice. Students received a minimum of 3.5 days tuition each week throughout the Autumn, Spring and Summer terms – students could sign up to a full 5 days of tuition if desired. When not in taught sessions students continue their practice in their personal studio space at Space Studios. In the final six months of the programme students work towards their end of year exhibition and assessment; sign up to a minimum of one full day's tuition; and participate in the 'Professional Development' programme for outgoing students, with several students beginning RDS teacher training with the Young Artist programme.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

Bursaries and Student Support

With significant cost of living rises, incoming students for 22/23 face many financial challenges, with students moving to London for the first time being badly affected. In the 2022-2023 financial year we have implemented a new London Living Grant to support students with the cost of living. The grant is a means tested grant of up to £3,000, and students may also apply to the hardship and bursary funds throughout the year should they require further financial assistance. This is a significant development in the support provided to students through which we hope to increase diversity of student applicants by enabling them to relocate to London.

Student recruitment

The application deadlines for the Drawing Year falls in April. The recruitment process starts in November for admission in the following year.

We are continuing to improve the recruitment process in line with EDI objects and to remove further barriers to entry through extended financial support and portfolio mentoring as required.

Public Courses: In-Person

More than 60 courses were available in each of the three terms comprising the academic year. Public courses ran at the School's own studios, as well as in the principal museums and galleries, and on out and about in, London. Occupation levels were very good in the Autumn Term but slower in the Spring and Summer Terms. Overall, however, we took more in-person bookings than pre-covid years, with up to 2,100 bookings. Our public courses are subsidised to ensure the widest possible access to tuition, within the School's overall funding envelope. The School was able to maintain fees at competitive rates throughout the year, and to offer an extensive matrix of significant fee concessions as summarized in the table below.

	Discount %
Full-time BA students studying for a degree in Fine Art	75%
Full-time practicing fine artists under 40 years of age	75%
Primary and secondary school teachers who teach art	50%
Individuals on job seekers allowance	50%
Individuals who receive disability support	50%
Tower Hamlets and Hackney residents	25%
Tower Hamlet and Hackney businesses	25%
NHS Staff	20%
Individuals over the age of 60	10%

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

Online Drawing Programme

Alongside our in-person courses, we ran 145 online courses in 2021/2022. With 1,700 course bookings over the year, the online programme has doubled the number of students the School now reaches. Ten and five-week drawing courses ran (both daytime and evening), available to the public, alongside a full time 'Online Drawing Development Year' course. Courses were fee paying with concessions and scholarships available to ensure accessibility. In addition, 3600 people attended our online Creative Conversation series- free online live lectures with artists, critics and academics across the world.

The online programme was taught by a combination of Senior Faculty and Alumni faculty, ensuring training of alumni teachers, fulfilling a further School objective. Students participated from a wide range of UK regions and 36 different countries.

The Young Artists Programme (2021 – 2022)

Taught by alumni of the School's Drawing Year postgraduate level programme, our Young Artists Programme of weekly classes is designed for children aged from 10 to 18, with a talent and passion for drawing. The programme enjoyed a successful year. Between 230 and 300 students attended courses in the Autumn, Spring and Summer Terms, benefiting from the serious and sustained drawing tuition offered by our alumni faculty.

Classes were held in our own premises and at a range of important cultural venues including the National Gallery. We also continued to run courses online and in Norwich, Oxford, and New Cumnock in Scotland.

We also taught over 150 students on our holiday courses (Winter, Easter and Summer) including a very successful Portfolio Preparation Course that took place over two weeks during August.

The Young Artists Exhibition also took place in July for the first time since before the pandemic with over 100 submissions from Young Artists across our courses.

We have begun developing a new strand of the Young Artist programme running full scholarship, after school clubs, in partnership with state and free schools in disadvantaged London Boroughs.

STRATEGIC REPORT – FINANCIAL REVIEW

In the previous year, Trustees committed to a new five year strategy and financial model to secure our long term financial security and sustainability, migrating us to a position which grows reserves and protects the Endowment Fund. Total investment returns allocated to income from the Endowment reduced to 4% for the year with effect from 1 September 2022 this is reduced further to 3%.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

During the eighth year of the School's endowment campaign, receipts to the endowment totalled £nil (2021: £0.5 million), with total receipts since its inception at £15 million. The School is over halfway to reaching its target of £25.0 million.

The School's balance sheet shows total net assets at 31st August 2022 of £17,538,038 (2021: £18,394,840).

Income for the year is a key performance indicator and totalled £3,166,128 (2021: £3,039,209) excluding the net endowment expenditure of £3,380 (2021: expenditure of £239,622). Principal sources of other funding arose from donations, fees charged to students attending the School's public and online courses and artwork commission. Whilst there was impact to the School's course income and expenditure due to Covid19, this was offset in full by an uplift in donations. Expenditure for the year totalled £3,157,680 (2021: £3,012,671), of which staff and tutor costs comprised the main expenditure in the delivery of the School's programmes.

Before net gains on investments this resulted in net income of £8,448 (2021: net expenditure of £213,084) comprising a deficit, before transfers, of £50,305 (2021: deficit £656,894) on unrestricted funds, a surplus before transfers of £62,133 (2021: surplus of £211,434) on restricted funds and a deficit of £3,380 on endowed funds (2021: surplus £232,376).

Fundraising approach and performance

The School concentrates its fundraising efforts on securing the support of high net worth individuals, charitable trusts and foundations whose interests in the arts and education are aligned with its mission to promote drawing. Donations to the Royal Drawing School are accepted on the basis that they contribute towards the general objectives of the School and are in line with our values and mission. We carry out due diligence appropriate in relation to the size and nature of a donation before accepting funds. We assess and manage any risks fundraising poses to the Royal Drawing School's activities, beneficiaries, property, work and reputation we do this through our Ethical Fundraising Group and through two external due diligence bodies. The School has up to date GDPR and Privacy policies that are publicly available. The School is registered with the Fundraising Regulator and no complaints were received during the year.

Policy on reserves

The School has reserves of £17,538,038 at the year ended 31 August 2022 (2021: £18,394,840). This comprises restricted funds of £78,029 (2021: £305,327), endowment funds of £13,909,870 (2021: £15,138,500), designated funds of £2,182,554 (2021: £2,143,221) and unrestricted general funds of £1,367,585 (2021: £807,792).

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

To mitigate financial risk for the charity, the Trustees' aim is to establish a level of unrestricted general reserves covering at least six months of operating expenditure. On this basis, trustees seek to build unrestricted general funds of approximately £1,500,000.

Trustees have approved a new financial model that we expect to generate a level of surplus each year.

Investment policy and performance

The School has adopted a new strategy and financial model to ringfence the Endowment Fund and build additional unrestricted reserves. Funds from the School's successful endowment campaign are invested by the Trustees' Investment Committee, with the primary purpose of supporting the activities of the School by providing a good income for operational costs, whilst retaining the real term capital value of funds invested.

For the permanent endowment, received on 4 August 2014, the School has adopted The Charities (Total Return) Regulations 2013 as explained in Note 8 to the accounts. The Trustees, have set the allocation of total returns at 4% of the gross capital Endowment Fund value for 2021-22, reducing to 3% with effect from 1 September 2022.

The Endowment Fund is managed by an outsourced corporate CIO on a discretionary basis with continuing oversight from the Investment Committee, on which two members of the Board sit. The Investment Committee meets two times a year. The Investment Committee set absolute total return objectives.

It is expected that the Endowment Fund will attract further support in the coming years and increase in size. For the year, the investment managers generated a net investment loss of £865,250 (2021: gain £4,802,730).

STRATEGIC REPORT - PLANS FOR FUTURE YEARS

The School plans to continue the Drawing Year, Young Artist and Public Programme activities outlined on pages 2 and 3 in the forthcoming years, along with developing our new programme of online courses, subject to satisfactory funding arrangements. Ensuring the School's long-term and sustainable future as a valued and accessible teaching resource, of acknowledged national and international excellence in its own specialist field, remains at the forefront of its planning.

Trustees have adopted a new five year strategy, to deliver a balanced budget by reducing operational costs and increasing income. A small surplus is generated each year to build reserves and safeguard the Endowment Fund. Income will be increased through the Public Programme, investing in the newly built Gallery Studios in Shoreditch London (main campus), and through our new income stream of online courses. The 2021-22 surplus will be applied to the new London Living

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

Grants to support Drawing Year students, contingency funding for emergency energy costs and general reserves.

The strategy is measured against our educational and charitable remit and delivered in a manner that develops greater financial security year on year and a long-term sustainable future.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Royal Drawing School was founded as part of The Prince's Foundation in 2000, commencing as a separate charitable company on 1 April 2004. The Royal Drawing School is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12 November 2003 (amended 13 June 2017), which established the objects and powers of the charitable company.

Governance and Management

The directors of the company are also charity trustees for the purposes of charity law. There must be at least three trustees, and they are recruited by resolution of the existing trustees on the basis of their knowledge of the art and art education worlds or their business experience. Trustees receive an induction pack, including Board papers from the last meeting and School literature, and meet with the Principal, Founding Artistic Director and members of the Senior Leadership team as way of introduction to the School's work. As part of ongoing training throughout their term, they are invited to attend all sub-committees and to meet with students, staff and faculty to keep fully informed with the work of the School. During their tenure trustees have the opportunity to have ongoing training, paid for by the School, to help them fulfil their duties.

The board of trustees meets at least four times each year, to set the overall strategic direction of the charity and to monitor the achievement of its objectives. A Finance & Audit Committee of key trustees and management personnel of the charity meet four times a year and are in charge of directing and controlling, running and operating the Charity. Day to day management of the charity is delegated to the Principal (who is not a Companies Act Director).

All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 15 to the accounts. The employees included in the key management personnel are the Founding Artistic Director and Principal.

The pay of the Founding Artistic Director and Principal, and all other staff, is reviewed annually, and normally increased in accordance with average earnings to reflect a cost-of-living adjustment. In

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

September 2022 a sliding scale of 5% to 8% salary increase, all directors accepted 4% to enable other staff to receive between 5 to 8%.

Committees

A committee of the trustees and key management personnel, the Finance & Audit Committee, undertakes detailed consideration of the School's key strategic and operational issues and advises the trustees in relation to their responsibilities for financial management, control and reporting, as well as in relation to the management of human resources. The members of the committee, which meets four times each year, are:

Nicholas Vetch (Chair of the Finance and Audit Committee)
Fope Adelowo (Trustee)
David Macmillan (Trustee)
Matthew Rice (Trustee)
Sir Charles Saumarez Smith (Trustee, Chair of the Board)
Catherine Goodman (Founding Artistic Director)
Julia Balchin (Principal)
Gillian McKay (Head of Finance from 26 October 2022)

The Academic Board advises the trustees on their responsibilities for setting the School's curriculum and for ensuring the highest academic standards and reputation. The members of the Academic Board are:

Sir Charles Saumarez Smith (Chair of the Academic Board)
Julian Bell
Mark Cazalet
Professor Ewan Clayton
Liza Dimbleby
William Feaver
Richard Ikhide
Catherine Goodman (Founding Artistic Director)
Professor Eileen Hogan (Trustee)
Timothy Hyman RA
Harry Parker (Deputy Director, Director of Education)
Sarah Pickstone
Martin Shortis

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

An External Assessment Board provides independent, external monitoring and evaluation of the work of Drawing Year students and recommendations on the course of study. Its members are:

Eileen Cooper RA (Chair of the External Assessment Board) Retired 7 April 2022

Dr. Xavier Bray

Rachel Campbell Johnston

Rachel Jones

Sydney Picasso

The School's Investment Committee oversees the investment of the School's endowment funds. The Committee's members are all investment professionals of significant reputation and standing. They are:

Howard Marks (Chair of the Investment Committee)

Evy Hambro

Francesco Goedhuis

Stuart Roden

Nicholas Vetch, (Chair of the Finance and Audit Committee and Trustee)

STRATEGIC REPORT - RISK MANAGEMENT

The trustees review the major risks to which the charity is exposed, no less than annually, and have adopted a formal risk-management process to evaluate risk by likelihood and impact. The trustees are satisfied that the risk control document generated by this process, enables them to identify and mitigate risk to an acceptable level. The most significant risks and mitigations are detailed overleaf:

RISK	MITIGATION
A significant safeguarding problem arises with a child or adult attending one of the School's programmes.	Implementation of effective Child Safeguarding and Safeguarding Adults policies. Annual staff training on Safeguarding Adults and Children, Conflict Resolution and First Aid training.
The School is associated, in a damaging way, with the actions of a partner association.	Ensure that all educational and funding partnerships are vetted and subject to an agreed MoU. Maintain clear brand identity and a clear communications plan to respond to any questions. Ensure robust due diligence on all donations and through the Ethical Fundraising Group observe good governance.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2022

The costs of running the building becomes prohibitive and/or the school does not have fit-for-purpose premises in which to deliver its programmes	The school's interest in the school's building are protected by a bare trust agreement. The school is looking to actively reduce the running costs of the building including improving energy resources.
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charitable company and of the surplus or deficit of the charitable company for that year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

THE ROYAL DRAWING SCHOOL

**REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

AUDITORS

The auditors, haysmacintyre, are deemed to be appointed under section 487(2) of the Companies Act 2006.

This report, which incorporates the Strategic Report, was approved by the trustees and signed on their behalf by:



.....
Nicholas Vetch
Trustee

14/03/2023
Date:

THE ROYAL DRAWING SCHOOL

INDEPENDENT AUDITOR'S REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2022

Independent auditor's report to the members of The Royal Drawing School

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of the charitable company's net movement in funds, including the 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 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, 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.

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

INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of trustees;
- Identifying and testing journals, in particular journal entries posted unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

THE ROYAL DRAWING SCHOOL

**INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2022**

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 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

R. Weaver

Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 15/03/2023

The Royal Drawing School
Statement of financial activities including income and expenditure account
Year ended 31 August 2022

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
	Notes	31-Aug-22	31-Aug-22	31-Aug-22	31-Aug-22	31-Aug-21
		£	£	£	£	£
Income from:						
Donations and legacies		1,015,984	790,303	-	1,806,287	1,864,630
Charitable activities:						
Education		1,205,993	-	-	1,205,993	1,174,123
Investments		545	-	(3,380)	(2,835)	(239,166)
Other		156,683	-	-	156,683	-
Total income	2	2,379,205	790,303	(3,380)	3,166,128	2,799,587
Expenditure on:						
Raising funds		331,166	-	-	331,166	211,157
Charitable activities:						
Education		2,098,344	728,170	-	2,826,514	2,801,514
Total expenditure	3	2,429,510	728,170	-	3,157,680	3,012,671
Net income / (expenditure) before change in market value of investments and transfers		(50,305)	62,133	(3,380)	8,448	(213,084)
Change in market value of investments		-	-	(865,250)	(865,250)	4,802,730
Net income / (expenditure) for the year		(50,305)	62,133	(868,630)	(856,802)	4,589,646
Transfer - allocation of total return		360,000	-	(360,000)	-	-
Transfer between funds		289,431	(289,431)	-	-	-
Net movement in funds		599,126	(227,298)	(1,228,630)	(856,802)	4,589,646
Total funds brought forward		2,951,013	305,327	15,138,500	18,394,840	13,805,194
Total funds carried forward	11,12	3,550,139	78,029	13,909,870	17,538,038	18,394,840

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements.

The notes on pages 21 to 33 form part of these financial statements.

The Royal Drawing School
Balance sheet
As at 31 August 2022

	Notes	31-Aug-22 £	31-Aug-21 £
Fixed assets			
Tangible assets	7	2,485,366	2,235,212
Investments	8	13,345,511	14,446,094
		<u>15,830,877</u>	<u>16,681,306</u>
Current assets			
Debtors	9	393,813	796,868
Cash at bank and in hand		1,917,162	1,456,753
		<u>2,310,975</u>	<u>2,253,621</u>
Creditors: amounts falling due within one year	10	(603,814)	(540,087)
Net current assets		<u>1,707,161</u>	<u>1,713,534</u>
Total net assets		<u>17,538,038</u>	<u>18,394,840</u>
Represented by:			
Restricted funds		78,029	305,327
Endowment funds		13,909,870	15,138,500
Designated fund		2,182,554	2,143,221
General fund		1,367,585	807,792
	11,12	<u>17,538,038</u>	<u>18,394,840</u>

The notes on pages 21 to 33 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 14/03/2023 and were signed on its behalf by:



Nicholas Vetch
Trustee

Company number: 4971133

The Royal Drawing School
Statement of cash flows
Year ended 31 August 2022

	Ref	31-Aug-22 £	31-Aug-21 £
Cash flows from operating activities:	Note A	594,800	2,744,066
Cash flows from investing activities:			
Dividends and interest from investments		(2,835)	(239,166)
Purchase of fixed assets		(366,889)	(69,819)
Disposal of fixed assets		-	4,640
Proceeds from sale of investments		6,227,647	8,418,299
Purchase of investments		(5,992,314)	(12,521,912)
Net cash provided by / (used in) investing activities		(134,391)	(4,407,958)
Cash flows from financing activities:			
Receipt of endowment		-	471,998
Net cash provided by / (used in) financing activities		-	471,998
Change in cash and cash equivalents in the year		460,409	(1,191,894)
Cash and cash equivalents at the beginning of the year		1,456,753	2,648,647
Cash and cash equivalents at the end of the year		1,917,162	1,456,753

Note A - reconciliation from SOFA to cash

Net income / (expenditure) in the year	SOFA	(856,802)	4,589,646
(Gains)/losses on investments	Note 8	865,250	(1,168,560)
		865,250	(1,168,560)
Dividends, interest and rent from investments	Note 2	2,835	239,166
Receipt of endowment	Note 2	-	(471,998)
		2,835	(232,832)
Depreciation charges	Note 7	116,735	125,501
(Increase)/decrease in debtors		403,055	(358,144)
Increase/(decrease) in creditors		63,727	(211,545)
		583,517	(444,188)
Net cash provided by / (used in) operating activities		594,800	2,744,066

1 Accounting policies

The School (company number: 04971133) is a private charitable company limited by guarantee, is incorporated in England and Wales and is registered at 19-22 Charlotte Road, London, EC2A 3SG.

1.01 Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note(s).

The key judgements and estimates and accounting policies are set out in 1.02 to 1.17 below.

1.02 Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include the assumptions around the probability of receipt of accrued income and the valuation of investments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

In view of the current COVID-19 pandemic the trustees have undertaken an assessment of the viability of the company for a period of 12 months from the date of approval of these financial statements and are of the opinion the preparation of them as a going concern is appropriate for the company.

1.03 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.

1.04 Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1.05 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

1.06 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose

- Expenditure on charitable activities includes the costs of the operational charitable programmes, and the costs incurred by corporate service teams to support these programmes, which are undertaken to further the purposes of the charity along with their associated support costs

1.07 Allocation of support costs

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

1.08 Operating leases

Rents payable under operating leases are charged against income on a straight line basis over the lease term.

1.09 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets denominated in foreign currencies are translated at the rate ruling at the balance sheet date.

1.10 Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Freehold buildings	- over 50 years on cost
- Fixtures, fittings and equipment	- over 3 years on cost
- Website and booking system	- over 4 years on cost
- Leasehold improvements	- over 5 years on cost

1.11 Investments

The investments are held at market value at the year end date. For quoted investments these are the values as at 31 August. For other investments, notably private equity funds, where valuation dates are not coterminous with the charity's year end, a best estimate is made of their market value as at 31 August.

1.12 Debtors

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

1 Accounting policies (continued)

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Pensions

The School operates defined contribution pension arrangements, the assets of which are held separately from those of the School in independently administered funds. Contributions are charged to the income and expenditure account as they become payable.

1.16 Fund accounting

The School maintains five types of fund:

- General unrestricted funds are those which can be used in accordance with the School's charitable objects at the discretion of the trustees.
- Designated unrestricted funds comprise funds which have been set aside at the discretion of the Board of Trustees for specific purposes.
- Restricted funds are donations, sponsorships or grants given for a specific piece of work or area of activity, mainly scholarships and community work.
- Permanent endowment funds are funds where the capital must be held permanently by the School. The funds are invested, or held in cash, and the movement in fund values are recognised in the SOFA as investment gains and losses. Income arising on permanent endowment funds is treated as part of the total return. See note 8.
- Expendable endowment funds comprise funds held on trust to be retained for the benefit of the School as a capital fund. The Trustees have power of discretion to convert endowed capital into income.

1.17 Estimates and judgements

Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately differ from those estimates.

The valuation of investments is a key accounting estimate, as two of the investment funds are closed funds, and valuations are only obtainable on a calendar quarterly basis. There are no available benchmarking tools available to calculate the movement between statements, and so the value in these accounts is held per the latest available quarterly statement released in this financial year.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life, per note 1.11. Trustees have found no additional areas of judgement with a significant effect on the financial statements.

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2022

2 Income

	General Funds 31-Aug-22 £	Restricted Funds 31-Aug-22 £	Endowment Funds 31-Aug-22 £	Total 31-Aug-22 £	Total 31-Aug-21 £
Donations and legacies	1,015,984	790,303	-	1,806,287	1,864,630
Charitable activities					
Course fees	1,108,362	-	-	1,108,362	1,066,915
Materials	13,768	-	-	13,768	4,393
Other income	83,863	-	-	83,863	102,815
	1,205,993	-	-	1,205,993	1,174,123
Investments					
Deposit account interest	545	-	-	545	456
Dividends and interest	-	-	(3,380)	(3,380)	(239,622)
	545	-	(3,380)	(2,835)	(239,166)
Other					
Exchange gains / (losses)	156,683	-	-	156,683	-
	156,683	-	-	156,683	-
	2,379,205	790,303	(3,380)	3,166,128	2,799,587

3 Expenditure

	31-Aug-22 £	31-Aug-21 £
Raising Funds		
Staff costs (Note 5)	132,271	180,100
Investment management		
Publicity and fundraising	198,895	31,057
	331,166	211,157
Charitable activities		
Educational activity:		
Staff costs (Note 5)	955,595	1,139,849
Other direct costs (Note 4)	1,690,647	1,425,158
Support costs (Note 4)	180,272	236,507
	2,826,514	2,801,514
	3,157,680	3,012,671

4 Other direct costs and support costs

	31-Aug-22 £	31-Aug-21 £
Other direct costs comprise:		
Tutors and models	715,478	624,081
Premises costs (including staff costs - Note 5)	300,344	394,606
Bursaries and prizes	50,259	43,719
Other direct costs (including depreciation)	624,566	362,752
	1,690,647	1,425,158
Support costs comprise:		
Financial and secretarial	68,111	56,475
Exchange (gains)/losses	-	104,998
Insurance	13,381	17,432
Bank interest and charges	60,781	13,485
Governance:		
Legal and corporate costs	25,508	30,887
Audit fees (Note 6)	12,491	13,230
	180,272	236,507

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2022

5	Staff costs	31-Aug-22 £	31-Aug-21 £
	Wages and salaries	923,877	1,104,101
	National insurance	86,496	105,714
	Pension costs	51,375	91,599
		1,061,748	1,301,414
	Temporary staff costs	720	-
	Recruitment and training costs	25,398	18,536
		1,087,866	1,319,950

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	31-Aug-22 Number	31-Aug-21 Number
£70,000 - £79,999	1	2
£80,000 - £89,999	1	-
£90,000 - £99,999	1	-
£100,000 - £109,999	-	1
	£	£
Pension costs for higher paid staff were:	18,125	37,337

The average number of employees (head count based on number of staff employed) during the year was 51 (2021: 46). The average number of full time equivalent employees during the year analysed by function, was:

	31-Aug-22 Number	31-Aug-21 Number
Artistic and executive directors	2	2
Education programmes	25	23
Technicians	5	7
	32	32

The total employee benefits including pension contributions of the key management personnel were £193,369 (2021: £315,567).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

6	Net (outgoing)/incoming resources before other recognised gains and losses	31-Aug-22 £	31-Aug-21 £
	This is stated after charging:		
	Auditors' remuneration	15,750	13,230
	Depreciation	116,735	125,501

Trustees are eligible to be reimbursed for travel and incidental expenses incurred in the performance of their duties; £nil was claimed (2021: nil). One trustee received fees totalling £1,260 in connection with services as a self-employed drawing tutor (2021: two). No trustees received fees in relation to services provided on an arm's length basis (2021: none).

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2022

7 Tangible fixed assets

	Freehold land and buildings £	Leasehold Improvements £	Website & Booking System £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2021	2,416,667	123,769	102,576	38,326	2,681,338
Additions	-	366,889	-	-	366,889
Disposals	-	-	-	-	-
At 31 August 2022	2,416,667	490,658	102,576	38,326	3,048,227
Depreciation					
At 31 August 2021	273,446	57,678	77,450	37,552	446,126
Charge for the year	30,667	76,556	8,738	774	116,735
Disposals	-	-	-	-	-
At 31 August 2022	304,113	134,234	86,188	38,326	562,861
Net book value					
At 31 August 2022	2,112,554	356,424	16,388	-	2,485,366
At 31 August 2021	2,143,221	66,091	25,126	774	2,235,212

All of the above assets are used for charitable purposes.

8 Investments

	31-Aug-22 £	31-Aug-22 £	31-Aug-22 £
Current Year	Permanent	Expendable	Total
Market value at 31 August 2021	7,358,106	7,087,988	14,446,094
Additions at cost	-	5,992,314	5,992,314
Disposals at cost	(19,686)	(6,236,680)	(6,256,366)
Movement in cash held for investments	(22,709)	51,429	28,720
Change in market value	(518,185)	(347,066)	(865,251)
Market value at 31 August 2022	6,797,526	6,547,985	13,345,511
Prior Year	31-Aug-21 £	31-Aug-21 £	31-Aug-21 £
	Permanent	Expendable	Total
Market value at 31 August 2020	4,301,108	4,872,812	9,173,920
Additions at cost	5,304,798	7,217,114	12,521,912
Disposals at cost	(4,674,183)	(3,340,251)	(8,014,434)
Movement in cash held for investments	(409,777)	5,913	(403,864)
Change in market value	2,836,160	(1,667,600)	1,168,560
Market value at 31 August 2021	7,358,106	7,087,988	14,446,094

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2022

8 Investments (continued)

Market Value	31-Aug-22 £	31-Aug-22 £	31-Aug-22 £
Current Year	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	194,670	-	194,670
iShares Core MSCI World UCITS ETF	-	1,157,907	1,157,907
Partners Capital Greyhawk Cayman Feeder Fund, Ltd	-	2,245,681	2,245,681
Partners Capital Phoenix Fund II Ltd - Diversified Income Fund - Class A1 January 2022 Serie:	-	29,565	29,565
Partners Capital Phoenix Fund II Ltd Diversified Income Fund - Class A1 Lead Serie:	-	1,460,422	1,460,422
Partners Capital Condor Fund XV (Cayman) LP	-	113,794	113,794
The Master Portfolio (C) Ltd - GBP	6,151,989	1,483,245	7,635,234
Other Investments	450,867	57,371	508,238
Total market value	6,797,526	6,547,985	13,345,511
Prior Year	31-Aug-21 £	31-Aug-21 £	31-Aug-21 £
Analysis of investments	Permanent	Expendable	Total
Oaktree Capital Management, L.P. (four funds)	1,459,073	83,292	1,542,365
TM Lansdowne Developed Markets Long Only SRI Fund GBF	-	2,303,017	2,303,017
iShares Core MSCI World UCITS ETF	-	1,376,303	1,376,303
Partners Capital Greyhawk Cayman Feeder Fund, Ltd	-	1,418,591	1,418,591
The Master Portfolio (C) Ltd - GBP	5,425,457	1,862,509	7,287,966
Other Investments	473,576	44,276	517,852
Total market value	7,358,106	7,087,988	14,446,094
Income for the year	31-Aug-22 £	31-Aug-22 £	31-Aug-22 £
Current Year	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	117,513	-	117,513
Total income	117,513	-	117,512
Prior Year	31-Aug-21 £	31-Aug-21 £	31-Aug-21 £
Analysis of investments	Permanent	Expendable	Total
Oaktree Capital Management, L.P. (four funds)	(268,390)	2,804	(265,586)
Ruffer Total Return Fund – C Inc GBP	-	8,186	8,186
TM Lansdowne Developed Markets Long Only SRI Fund GBF	-	5,913	5,913
Other Investments	7,198	14,534	21,732
Cash held for investment	-	(9,868)	(9,868)
Total income	(261,192)	21,569	(239,623)

8 Investments (continued)

Permanent endowment funds: Total Return Accounting

The School has adopted The Charities (Total Return) Regulations 2013 issued by the Charity Commission and has implemented the total return investment powers in relation to its permanent endowment investment. The regulation permits the trustees to invest the portfolio to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of the unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The trustees have exercised their power to allocate unapplied total return to income of £360,000 (2021: £298,954) in the year. Total allocation of return to income represents 4% annual of the average fund value held during the year, subject to sufficient unapplied total return.

The investment fund and application of total return to permanent endowment funds:

	31-Aug-22 £	31-Aug-21 £
Opening value of permanent endowment	7,358,106	4,301,108
Less: Original value of the gift	(4,000,000)	(4,000,000)
Unapplied total return brought forward	3,358,106	301,108
Add		
Investment return: dividends and interest	(3,380)	(261,192)
Investment return: gains and (losses)	(197,199)	3,617,144
Unapplied total return before transfer to income	3,157,527	3,657,060
Less		
Total return applied	(360,000)	(298,954)
Unapplied return as at 31 August 2021	2,797,527	3,358,106
Add		
Original value of the gift brought forward	4,000,000	4,000,000
New endowments in the year		
Permanent endowment including unapplied total return as at 31 August 2022 constituting the investment fund	6,797,527	7,358,106

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2022

9 Debtors							
					31-Aug-22	31-Aug-21	
					£	£	
Trade debtors					38,038	9,407	
Donations receivable					124,346	616,677	
Prepayments					58,799	52,801	
Other debtors					172,630	117,983	
					393,813	796,868	
10 Creditors: amounts falling due within one year					31-Aug-22	31-Aug-21	
					£	£	
Trade creditors					350,124	128,073	
Accruals					31,591	22,551	
Deferred income					157,027	309,997	
Other taxes and social security					26,528	23,167	
Sundry creditors					38,544	45,882	
					603,814	529,670	
Opening deferred income					309,997	464,601	
Released in the year					(309,997)	(464,601)	
Income deferred in the current year					157,027	309,997	
					157,027	309,997	
11 Movement on funds							
	At 31 August				Other	At 31 August	
	2021	Income	Expenditure	Transfer	recognised	2022	
Current Year	£	£	£	£	gains / losses	£	£
Unrestricted funds							
General Fund	807,792	2,379,205	(2,398,843)	579,431	-	1,367,585	
Designated Property Fund	2,143,221	-	(30,667)	-	-	2,112,554	
Digital	-	-	-	70,000	-	70,000	
	2,951,013	2,379,205	(2,429,510)	649,431	-	3,550,139	
Restricted funds							
Artist On Film	20,602	-	-	-	-	20,602	
Drawing Year Fund	4,900	340,093	(344,993)	-	-	-	
Young Artists Programme	-	19,721	(19,721)	-	-	-	
Artists Residencies	-	47,117	(21,539)	-	-	25,578	
Denis Mahon	12,450	10,000	(11,958)	-	-	10,492	
Alumni & DH	17,375	17,972	(13,990)	-	-	21,357	
Public Programme General	-	53,059	(53,059)	-	-	-	
Scholarship and general restricted	-	262,910	(262,910)	-	-	-	
Building Works Fund	250,000	39,431	-	(289,431)	-	-	
	305,327	790,303	(728,170)	(289,431)	-	78,029	
Endowment funds							
Permanent endowments	7,358,106	(3,380)	-	(360,000)	(518,185)	6,476,541	
Expendable endowments	7,780,394	-	-	-	(347,066)	7,433,328	
	15,138,500	(3,380)	-	(360,000)	(865,251)	13,909,869	
Total funds	18,394,840	3,166,129	(3,157,680)	-	(865,251)	17,538,037	

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2022

11 Movement on funds (continued)

	At 31 August 2020 £	Income £	Expenditure £	Transfer £	Other recognised gains / losses £	At 31 August 2021 £
Prior Year						
Unrestricted funds						
General Fund	719,733	1,926,633	(2,537,528)	698,954	-	807,792
Designated Property Fund	2,189,220	-	(45,999)	-	-	2,143,221
	<u>2,908,953</u>	<u>1,926,633</u>	<u>(2,583,527)</u>	<u>698,954</u>	<u>-</u>	<u>2,951,013</u>
Restricted funds						
Artist On Film	20,602	-	-	-	-	20,602
Drawing Year Fund	9,050	130,237	(134,387)	-	-	4,900
Young Artists Programme	-	23,663	(23,663)	-	-	-
Foundation Year Fund	57,561	144,000	(201,561)	-	-	-
Denis Mahon	6,680	10,000	(4,230)	-	-	12,450
Alumni & DH	-	25,819	(8,444)	-	-	17,375
Public Programme General	-	35,945	(35,945)	-	-	-
Scholarship and general restricted	-	20,914	(20,914)	-	-	-
Building Works Fund	-	250,000	-	-	-	250,000
	<u>93,893</u>	<u>640,578</u>	<u>(429,144)</u>	<u>-</u>	<u>-</u>	<u>305,327</u>
Endowment funds						
Permanent endowments	4,301,108	(261,192)	-	(298,954)	3,617,144	7,358,106
Expendable endowments	6,501,240	493,568	-	(400,000)	1,185,586	7,780,394
	<u>10,802,348</u>	<u>232,376</u>	<u>-</u>	<u>(698,954)</u>	<u>4,802,730</u>	<u>15,138,500</u>
Total funds	<u>13,805,194</u>	<u>2,799,587</u>	<u>(3,012,671)</u>	<u>-</u>	<u>4,802,730</u>	<u>18,394,840</u>

11 Movement on funds (continued)

Designated Property Fund

This is a designated fund representing the net book value of the charity's one third share of 19-22 Charlotte Road, London EC2A 3SG.

Designated Digital Fund

The trustees designated £70k of funds as at 31 August 2022 towards the development of the digital strategy.

Artist On Film

This fund is to support the delivery of the School's Artist on Film series.

Drawing Year Fund

This fund is to support the delivery of the School's MA-level Drawing Year.

Young Artists Programme

This fund is to support the School's Young Artists Programme of weekly drawing classes for children and young people aged 11-18.

Artists Residencies

This fund is to support the School's international artist residency programme.

Foundation Year Fund

This fund is to support the delivery of the School's Foundation Year.

Denis Mahon

This fund is to support the artistic practice of an alumnus of the School's MA-level Drawing Year.

Alumni & DH

This fund is to support the professional development and artistic practice of alumni of the School's Drawing Year programme.

Public Programme General

This fund is to update the fabric of the building at 19-22 Charlotte Road.

Scholarship and general restricted

Funds restricted to supporting scholarship and other activities of the School

Building Works Fund

During the year the charity completed the work on the new teaching studios and exhibition space at Charlotte Road and as a result transferred the restricted fund supported by Maria Manetti Shrem to unrestricted funds

11 Movement on funds (continued)

Endowment Funds

	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Current Year			
Balance brought forward at 1 September 2021	7,358,106	7,780,394	15,138,500
Endowment capital received			
Howard & Nancy Marks	-	-	-
Dividends and interest received net of expense:	(3,380)	-	(3,380)
	7,354,726	7,780,394	15,135,120
Change in market value of investments	(197,200)	(1,232,409)	(1,429,609)
Transfer to General Fund (note 11)			-
Total return applied	(360,000)	-	(360,000)
Balance carried forward at 31 August 2022	6,797,526	6,547,985	13,345,511
Represented by:			
Fixed Asset Investments	6,797,526	6,547,985	13,345,511
Cash	-	-	-
	6,797,526	6,547,985	13,345,511
Prior Year			
Balance brought forward at 1 September 2020	4,301,108	6,501,240	10,802,348
Endowment capital received			
Howard & Nancy Marks	-	471,998	471,998
Dividends and interest received net of expense:	(261,192)	21,570	(239,622)
	4,039,916	6,994,808	11,034,724
Change in market value of investments	3,617,144	1,185,586	4,802,730
Transfer to General Fund (note 11)	-	(400,000)	(400,000)
Total return applied	(298,954)	-	(298,954)
Balance carried forward at 31 August 2021	7,358,106	7,780,394	15,138,500
Represented by:			
Fixed Asset Investments	7,358,106	7,087,988	14,446,094
Cash	-	692,406	692,406
	7,358,106	7,780,394	15,138,500

12 Analysis of net assets between funds

	General Fund 2022 £	Designated and Digital Fund 2022 £	Restricted Funds 2022 £	Endowment Funds 2022 £	Total Funds 2022 £
Current year					
Fixed assets	372,812	2,112,554	-	13,345,511	15,830,877
Net current assets	994,772	70,000	78,029	564,358	1,707,159
	1,367,584	2,182,554	78,029	13,909,869	17,538,036
Prior year					
	General Fund 2021 £	Designated Fund 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £
Tangible fixed assets	91,991	2,143,221	-	14,446,094	16,681,306
Net current assets	715,801	-	305,327	692,406	1,713,534
	807,792	2,143,221	305,327	15,138,500	18,394,840

13 Pensions

The Royal Drawing School contributes to individuals' personal pension schemes, which are thus accounted for as a defined contribution pension scheme.

The cost recognised within the result for the year in the statement of financial activities (see Note 5) is equal to the contributions payable during the year.

14 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

15 Related parties

Trustees donated £0 in the year (2021: £30,000). Nick Vetch, trustee is also a Director of Big Yellow Group PLC. During the year the charity rented space on an arms length basis totalling £1,750 (prior year £5,840). At the year end the balance included in creditors was £440.

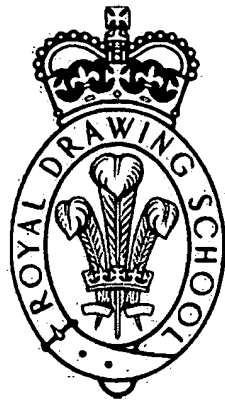
16 Financial commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	31-Aug-22	31-Aug-21
Office equipment		
Payable within one year	17,272	7,246
Payable in two to five years	44,281	18,265

Accounts

Company number 4971133



ROYAL
DRAWING
SCHOOL

THE ROYAL DRAWING SCHOOL

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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THE ROYAL DRAWING SCHOOL

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THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charitable company for the year ended 31 August 2021. The trustees have adopted the provisions of the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number: 4971133 (Registered in England and Wales)
Registered Charity number: 1101538
Registered Office: 19-22 Charlotte Road, Shoreditch, London EC2A 3SG

Founding Royal Patron HRH The Prince of Wales

Trustees

Sir Charles Saumarez Smith	Chair
Fope Adelowo	Appointed 24/03/21
Stephen Davis	Retired 24/03/21
Dame Glenda Bailey	
The Hon David Macmillan	
Evy Hambro	
Bettina von Hase	
Professor Eileen Hogan	
Matthew Rice	
Andrea Rose CMG OBE	Retired 17/03/21
Alexander Sturgis	
Nicholas Vetch	Appointed 2/12/30
	Chair of the Finance and Audit Committee from 24/03/21

Senior Management Team:

Catherine Goodman	-	Founding Artistic Director
Julia Balchin	-	Principal

Auditors: Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Bankers: National Westminster Bank Plc, Cavell House,
2a Charing Cross Road, London WC2H 0PD

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES

Purposes and aims

Our charity's purposes as set out in the objects contained in the company's memorandum of association are to benefit the public through:

- the advancement of the education of the public in the arts of drawing, painting, sculpture and print making.

The aim of our charity is to raise the standard and profile of observational drawing and improve accessibility to high quality drawing tuition. This aim fully reflects the purposes the charity was set up to further.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous year. We look at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. Our review also helps us to ensure that our aims, objectives and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, we consider how planned activities will contribute to the aims and objectives we have set.

The focus of our work

Our main objective for the year continued to be to raise the standard and profile of observational drawing. The main activities we engaged in to meet this objective were:

- ***The Drawing Year*** – approximately 30 students are accepted each year onto our postgraduate level, fifteen-month course in drawing. They each receive a scholarship to cover all their course fees, tutorials, lectures and forums. Each student also receives a free studio space in which to undertake their own artistic practice. A number of students are allocated means-tested maintenance grants to assist with living expenses.
- ***Public Courses*** – consisting of three terms of subsidised day and evening courses, open to artists, creatives and members of the public interested in drawing, taught at all levels. There are also holiday courses at Easter and Christmas, as well as a summer school. Courses are held at our own studios, as well as in the principal museums and galleries, and out and about in London. A fee paying programme - our full rate is subsidised and a wide range of additional concessions are offered to ensure our courses are available to all.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

- ***The Foundation Year*** – a one year, fully-taught, skills-based course in fine art practice, for approximately 45 students, almost all of whom are school-leavers. Accredited at Level 3 and 4, a diploma is awarded by The Prince's Trust upon graduation. A fee-paying course with approximately half of the cohort receiving means tested scholarships to cover their course fees, tutorials, lectures and forums. The course is structured to enable students to progress to BA courses in a wide range of creative subjects including fine art, illustration, graphic and product design, filmmaking and fashion.
- ***The Young Artists Programme*** – providing serious and sustained drawing teaching for talented and committed children aged from 10 to 18. Full and partial scholarship support is offered to students on a means-tested basis. Classes take place every week during term-time and are taught by alumni of our Drawing Year programme.
- ***Online Drawing Programme*** – the School has extended its offer by creating live online teaching courses, delivering our teaching to a national, and international audience. The online programme responds to our charitable mission by making our high-quality drawing courses accessible to those unable to attend our studios in person due to disability, illness, distance, working or caring commitments. The programme enables us to reach isolated individuals or communities, and areas of the UK with limited access to arts education and venues, as well as developing an international audience, with students attending from 36 countries worldwide. Courses are fee paying with means tested concessions and bursaries available to ensure the programme is accessible to all.

STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

All of our charitable activities focus on raising the standard and profile of observational drawing through teaching and practice, and are undertaken to further our charitable purposes for the public benefit.

The School has established itself as a valued, specialist teaching resource, within the landscape of UK art education. The School aims to make it possible for anyone with a talent and passion for drawing to take its courses.

The School has developed a new five year plan and financial model to ensure the School's long term sustainability and financial security. The success of the strategy is measured both against our educational and charitable objectives as well as short- and long-term financial goals.

Following the decision to close our secondary Campus at Trinity Buoy Wharf at the end of 2021 academic year, Trustees took a strategic decision to concentrate activity under one roof at our main campus in Shoreditch, London. As such we invested in a capital project to improve and increase teaching and exhibitions space at our main campus, which was completed in October 2021. The capital development provides two new teaching studios, flexible exhibitions space and new office

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

space. This will increase public engagement, bringing greater street level presence, and serve the community with an expanded programme of drawing based courses and exhibitions programme. Additionally, the School developed a permanent programme of online drawing courses to complement studio teaching, expanding our audience to national regions, worldwide and those who cannot physically attend courses - we aim to develop our online offer further in future years.

WHO USED AND BENEFITED FROM OUR ACTIVITIES?

Covid19 had a significant impact on the School's delivery in 2021. The School was swift to respond, and whilst our physical teaching studios were closed when required during lockdowns, we developed a full programme of online courses for Drawing Year, Foundation Year, Young Artist and Public Programme students.

The Drawing Year 2019/20 Cohort extended learning into 2021

The Drawing Year usually consists of a taught component from September to June, followed by six months of studio practice, concluding in December. 2019/20 Year Group: Due to Covid19, learning was moved online in March 2020 and the course extended into 2021 so that students could benefit from a full year of in-person teaching and receive a physical exhibition of work upon graduation. Students from 19/20 graduated in May 2021 as part of the School's ongoing commitment to deliver the highest level of tuition and student experience for all our students.

The School's External Assessment Board carried out an online assessment and met with the cohort in the autumn term of 2021 for their mid-year assessment. They commented favourably on the overall standard of work. The Assessment Board was also able to report on a high level of student satisfaction, with both the structure of the Drawing Year, and the quality of the teaching provided. Students graduated with three in person exhibitions and an end of year assessment from the External Assessment Board in June 2021.

The School's programme of weekly lectures and 'in conversation' evenings with distinguished speakers and contemporary artists moved online and was well attended by Drawing Year students and the general public from across the globe.

The Drawing Year – 2020/21 Cohort

A reduced cohort of 26 students was selected for the 2020/21 Drawing Year to allow for social distancing and space to accommodate the extended outgoing year. The students were selected from more than 450 applicants, and the start date was postponed to January 2021. Students from the 2020/21 will receive a full 15 month course and graduate in Spring 2022.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

The School's External Assessment Board met with all students in November 2021 for their mid-year assessment. Feedback was positive – students reported they felt supported despite the complexities presented by the pandemic. Their final graduation exhibition and assessment will be in April 2022.

The Drawing Year 21/22 Cohort

30 students were selected for the 2021/22 Drawing Year in a return to our usual class size and start and end dates. Students started in September 2021 and will graduate in December 2022.

Public Courses

More than 50 courses were made available in each of the three terms comprising the academic year. Public courses ran at the School's own studios, as well as in the principal museums and galleries, and on out and about in, London. In person teaching was moved online twice during the year academic year, when required by national Lockdowns. Whenever possible teaching remained in person. Participation was excellent despite these changes, with up to 1200 bookings over the year. Our public courses are subsidised to ensure the widest possible access to tuition, within the School's overall funding envelope. The School was able to maintain fees at competitive rates throughout the year, and to offer an extensive matrix of significant fee concessions as summarized in the table below.

	Discount %
Full-time BA students studying for a degree in Fine Art	75%
Full-time practicing fine artists under 40 years of age	75%
Primary and secondary school teachers who teach art	50%
Individuals on job seekers allowance	50%
Individuals who receive disability support	50%
Tower Hamlets and Hackney residents	25%
Individuals over the age of 60	10%

Online Drawing Programme

Alongside our in-person courses, we ran 149 pre-planned online courses in 2020/21, with additional courses moving online during national lockdowns when required. With 2450 course bookings over the year, the online programme has doubled the number of students the School now reaches. Ten and five week drawing courses ran (both daytime and evening), available to the public, alongside a full time 'Online Drawing Development Year' course. Courses were fee paying with concessions and scholarships available to ensure accessibility. In addition, 3600 people attended our online Creative

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

Conversation series- free online live lectures with artists, critics and academics across the world. The online programme was taught by a combination of Senior Faculty and Alumni faculty, ensuring training of alumni teachers, fulfilling a further School objective. Students participated from a wide range of UK regions and 36 different countries.

The Foundation Year

The School's programme for school-leavers hoping to progress to BA courses at art schools and universities was affected by Covid-19 with all course provisions moving online when required by national lockdowns. However, students successfully graduated as planned and progressed to their chosen destinations, receiving an in-person exhibition at the end of the year.

Under the leadership of an experienced Core Faculty, half of all teaching was delivered by alumni of the School's postgraduate level programme, The Drawing Year. This helped to fulfil one of the School's key objectives, to develop the next generation of artists who can teach drawing.

In response to unsustainable running costs, the erosion of FE foundation courses as a springboard to HE, coupled with financial uncertainty posed by Covid-19; a decision was taken to close the Foundation Year at the end of the academic year (2021). This has enabled the School to refocus activity and resources around its core mission, reduce operational costs and operate from one main campus.

The Young Artists Programme

Taught by alumni of the School's Drawing Year postgraduate level programme, our Young Artists Programme of weekly classes is designed for children aged from 10 to 18, with a talent and passion for drawing. The programme enjoyed a successful year. More than 180 children attended each week, benefiting from the serious and sustained drawing tuition offered by our alumni faculty.

Classes were held in our own premises and at a range of important cultural venues, including the National Gallery and Whitechapel Gallery. Courses were moved online during national lockdowns with materials sent out to all students.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT - FINANCIAL REVIEW

During the year, Trustees committed to a new five year strategy and financial model to secure our long term financial security and sustainability, migrating us to a position which grows reserves and protects the Endowment Fund. In 2021 strategic measures were taken to reduce expenditure by closing the Foundation Year, consolidating our delivery at our main campus in Shoreditch, London and implementing a staff restructure. Total investment returns allocated to income from the Endowment continued at 5% during the year, but with effect from 1 September 2021 is reduced to 4%.

During the seventh year of the School's endowment campaign, receipts to the endowment totalled £0.5 million (2020: £0.6 million), taking total receipts since its inception to £15 million. The School is over halfway to reaching its target of £25.0 million.

The School's balance sheet shows total net assets at 31st August 2021 of £18,394,840 (2020: £13,805,194).

Income for the year is a key performance indicator and totalled £2,567,211 (2020: £2,435,148) excluding the net endowment income of £232,376 (2020: £657,838). Principal sources of other funding arose from donations, fees charged to students attending the School's public and online courses and artwork commission. Whilst there was significant impact to the School's course income due to Covid19, this was offset, in part, with savings made due to building closure and the design of a new online learning programme. Whilst most fundraising events were cancelled due to Covid19 our fundraising targets were met. Expenditure for the year totalled £3,012,671 (2020: £3,109,468), of which staff and tutor costs comprised the main expenditure in the delivery of the School's programmes.

Before net gains on investments this resulted in net expenditure of £213,084 (2020: net expenditure of £16,482) comprising a deficit of £656,894 (2020: £620,978) on unrestricted funds, a surplus of £211,434 (2020: deficit of £53,342) on restricted funds and a surplus of £232,376 on endowed funds (2020: £657,838).

Fundraising approach and performance

The School concentrates its fundraising efforts on securing the support of high net worth individuals, charitable trusts and foundations whose interests in the arts and education are aligned with its mission to promote drawing. Donations to the Royal Drawing School are accepted on the basis that they contribute towards the general objectives of the School and are in line with our values and mission. We carry out due diligence appropriate in relation to the size and nature of a donation before accepting funds. We assess and manage any risks fundraising poses to the Royal Drawing School's activities, beneficiaries, property, work and reputation. The School has up to date GDPR and

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

Privacy policies that are publicly available. The School is registered with the Fundraising Regulator and no complaints were received during the year.

Policy on reserves

The School has reserves of £18,394,840 at the year ended 31 August 2021 (2020: £13,805,194). This comprises restricted funds of £305,327 (2020: £93,893), endowment funds of £15,138,500 (2020: £10,802,348), designated funds of £2,143,221 (2020: £2,189,220) and unrestricted general funds of £807,792 (2020: £719,733).

To mitigate financial risk for the charity, the Trustees' aim is to establish a level of unrestricted general reserves covering at least six months of operating expenditure. On this basis, trustees seek to build unrestricted general funds of approximately £1,500,000.

Trustees have approved a new financial model that we expect to generate a level of surplus each year.

Investment policy and performance

The School has adopted a new strategy and financial model to ringfence the Endowment Fund and build additional unrestricted reserves. Funds from the School's successful endowment campaign are invested by the Trustees' Investment Committee, with the primary purpose of supporting the activities of the School by providing a good income for operational costs, whilst retaining the real term capital value of funds invested.

For the permanent endowment, received 04/08/2014, the School has adopted The Charities (Total Return) Regulations 2013 as explained in Note 8 to the accounts. The Trustees, have set the allocation of total returns at 5% of the gross capital Endowment Fund value for 2020-21, reducing to 4% with effect from 1 September 2021.

The Endowment Fund is managed by an outsourced corporate CIO on a discretionary basis with continuing oversight from the Investment Committee, on which two members of the Board sit. The Investment Committee meets two times a year. The Investment Committee set absolute total return objectives.

It is expected that the Endowment Fund will attract further support in the coming years and increase in size. For the year, the investment managers generated a net investment gain of £4,802,730 (2020: loss £76,627).

STRATEGIC REPORT - PLANS FOR FUTURE YEARS

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

The School plans to continue the Drawing Year, Young Artist and Public Programme activities outlined on pages 3 and 4 in the forthcoming years, along with developing our new programme of online courses, subject to satisfactory funding arrangements. Ensuring the School's long-term and sustainable future as a valued and accessible teaching resource, of acknowledged national and international excellence in its own specialist field, remains at the forefront of its planning.

Trustees have adopted a new five year strategy, to deliver a balanced budget by reducing operational costs and increasing income. A small surplus is generated each year to build reserves and safeguard the Endowment Fund. Income will be increased through the Public Programme, investing in the newly built Gallery Studios in Shoreditch London (main campus), and through our new income stream of online courses. Expenditure is reduced through the closure of the Foundation Year, refocusing activity at our Shoreditch campus and savings to operational and salary costs.

The strategy is measured against our educational and charitable remit and delivered in a manner that develops greater financial security year on year and a long-term sustainable future.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Royal Drawing School was founded as part of The Prince's Foundation in 2000, commencing as a separate charitable company on 1 April 2004. The Royal Drawing School is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12 November 2003 (amended 13 June 2017), which established the objects and powers of the charitable company.

Governance and Management

The directors of the company are also charity trustees for the purposes of charity law. There must be at least three trustees, and they are recruited by resolution of the existing trustees on the basis of their knowledge of the art and art education worlds or their business experience. Trustees receive an induction pack, including Board papers from the last meeting and School literature, and meet with the Principal, Founding Artistic Director and members of the Senior Leadership team as way of introduction to the School's work. As part of ongoing training throughout their term, they are invited to attend all sub-committees and to meet with students, staff and faculty to keep fully informed with the work of the School. During their tenure trustees have the opportunity to have ongoing training, paid for by the School, to help them fulfil their duties.

The board of trustees meets at least four times each year, to set the overall strategic direction of the charity and to monitor the achievement of its objectives. A Finance & Audit Committee of key trustees and management personnel of the charity meet four times a year and are in charge of

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

directing and controlling, running and operating the Charity. Day to day management of the charity is delegated to the Principal (who is not a Companies Act Director).

All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 15 to the accounts. The employees included in the key management personnel are the Founding Artistic Director and Principal.

The pay of the Founding Artistic Director and Principal, and all other staff, is reviewed annually, and normally increased in accordance with average earnings to reflect a cost-of-living adjustment. In 2021 The Founding Artistic Director and Principal elected not to receive the cost-of-living adjustment offered to all staff.

Committees

A committee of the trustees and key management personnel, the Finance & Audit Committee, undertakes detailed consideration of the School's key strategic and operational issues and advises the trustees in relation to their responsibilities for financial management, control and reporting, as well as in relation to the management of human resources. The members of the committee, which meets four times each year, are:

Nicholas Vetch (Chair of the Finance and Audit Committee)
Fope Adelowo (Trustee)
David Macmillan (Trustee)
Matthew Rice (Trustee)
Sir Charles Saumarez Smith (Trustee, Chair of the Board)
Catherine Goodman (Founding Artistic Director)
Julia Balchin (Principal)

The Academic Board advises the trustees on their responsibilities for setting the School's curriculum and for ensuring the highest academic standards and reputation. The members of the Academic Board are:

Sir Charles Saumarez Smith (Chair of the Academic Board)
Julian Bell
Mark Cazalet
Professor Ewan Clayton
Liza Dimpleby
William Feaver

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

Richard Ikhide
Catherine Goodman (Founding Artistic Director)
Professor Eileen Hogan (Trustee)
Timothy Hyman RA
Harry Parker
Sarah Pickstone
Martin Shortis

An External Assessment Board provides independent, external monitoring and evaluation of the work of Drawing Year students and recommendations on the course of study. Its members are:

Eileen Cooper RA (Chair of the External Assessment Board)
Dr. Xavier Bray
Rachel Campbell Johnston
Rachel Jones
Sydney Picasso

The School's Investment Committee oversees the investment of the School's endowment funds. The Committee's members are all investment professionals of significant reputation and standing. They are:

Howard Marks (Chair of the Investment Committee)
Evy Hambro, (Trustee)
Francesco Goedhuis
Stuart Roden
Nicholas Vetch, (Chair of the Finance and Audit Committee and Trustee)

STRATEGIC REPORT - RISK MANAGEMENT

The trustees review the major risks to which the charity is exposed, no less than annually, and have adopted a formal risk-management process to evaluate risk by likelihood and impact. The trustees are satisfied that the risk control document generated by this process, enables them to identify and mitigate risk to an acceptable level. The most significant risks and mitigations are detailed overleaf:

THE ROYAL DRAWING SCHOOL

**REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 AUGUST 2021**

RISK	MITIGATION
The School's annual fundraising is not sufficient to cover its costs of operation	A fundraising strategy that has clear and realistic targets, is sufficiently resourced and closely monitored. Diversifying income streams. Annual Reserves policy covering six months of operational costs
The School does not have fit-for-purpose premises in which to deliver its programmes.	Maximise teaching space within our share of Charlotte Road building (one third ownership); take a measured view of committing resources when the School does not have long-term security of tenure elsewhere
Fee paying courses do not attract as many fee-paying students as targeted	Ensure a robust marketing strategy is delivered in a timely way, in support of responsive and relevant programmes. Diversify income streams. Annual Reserves policy covering six months of operational costs

Further risks have been identified this year due to the global pandemic Covid19, the most significant of which are detailed below

RISK	MITIGATION
The School must close its teaching spaces due to a global pandemic	Implement online learning programme; ensure building Operation Guidelines meet standards to mitigate contamination, follow government or local guidance; ensure a robust Risk Assessment is carried out.
The School's course income is reduced due to a global pandemic	Move courses online to continue to teach students and generate course income; reduction in building costs due to building closure will help offset loss of income; subscribe to government relief programmes
The School's annual fundraising is reduced due to a global pandemic	Unrestricted general reserves covering at least six months of operating expenditure; reduce running costs through building closure and government relief programmes; roll out a fundraising strategy in response to the pandemic

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2021

There Is an Outbreak at the School	Follow Outbreak plan and Operations Guidelines; temporary closure if necessary; Risk Assessment; effective communication of policies and plan to all stakeholders
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charitable company and of the surplus or deficit of the charitable company for that year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

THE ROYAL DRAWING SCHOOL

**REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 AUGUST 2021**

AUDITORS

The auditors, haysmacintyre, are deemed to be appointed under section 487(2) of the Companies Act 2006.

This report, which incorporates the Strategic Report, was approved by the trustees and signed on their behalf by:



Nicholas Vetch
Trustee

Date: Mar 31, 2022

THE ROYAL DRAWING SCHOOL

INDEPENDENT AUDITOR'S REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2021

Independent auditor's report to the members of The Royal Drawing School

Opinion

We have audited the financial statements of The Royal Drawing School for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2021 and of the charitable company's net movement in funds, including the 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 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

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

THE ROYAL DRAWING SCHOOL

INDEPENDENT AUDITOR'S REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2021

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' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, 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.

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 ROYAL DRAWING SCHOOL

**INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021**

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and Charities Act 2011 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of trustees;
- Identifying and testing journals, in particular journal entries posted unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

06 April 2022

10 Queen Street Place
London
EC4R 1AG

The Royal Drawing School
Statement of financial activities including income and expenditure account
Year ended 31 August 2021

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
	Notes	31-Aug-21	31-Aug-21	31-Aug-21	31-Aug-21	31-Aug-20
		£	£	£	£	£
Income from:						
Donations and legacies		752,054	640,578	471,998	1,864,630	2,109,060
Charitable activities:						
Education		1,174,123	-	-	1,174,123	911,435
Investments		456	-	(239,622)	(239,166)	72,491
Total income	2	1,926,633	640,578	232,376	2,799,587	3,092,986
Expenditure on:						
Raising funds		211,157	-	-	211,157	296,459
Charitable activities:						
Education		2,372,370	429,144	-	2,801,514	2,813,009
Total expenditure	3	2,583,527	429,144	-	3,012,671	3,109,468
Net income / (expenditure) before change in market value of investments and transfers		(656,894)	211,434	232,376	(213,084)	(16,482)
Change in market value of investments		-	-	4,802,730	4,802,730	(76,627)
Net income / (expenditure) for the year		(656,894)	211,434	5,035,106	4,589,646	(93,109)
Transfer - allocation of total return		298,954	-	(298,954)	-	-
Transfer between funds		400,000	-	(400,000)	-	-
Net movement in funds		42,060	211,434	4,336,152	4,589,646	(93,109)
Total funds brought forward		2,908,953	93,893	10,802,348	13,805,194	13,898,303
Total funds carried forward	11,12	2,951,013	305,327	15,138,500	18,394,840	13,805,194

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements.

The notes on pages 18 to 33 form part of these financial statements.

The Royal Drawing School

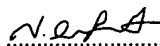
Balance sheet

As at 31 August 2021

	Notes	31-Aug-21 £	31-Aug-20 £
Fixed assets			
Tangible assets	7	2,235,212	2,295,535
Investments	8	14,446,094	9,173,920
		<u>16,681,306</u>	<u>11,469,455</u>
Current assets			
Debtors	9	796,868	438,724
Cash at bank and in hand		1,456,753	2,648,647
		<u>2,253,621</u>	<u>3,087,371</u>
Creditors: amounts falling due within one year	10	(540,087)	(751,632)
Net current assets		<u>1,713,534</u>	<u>2,335,739</u>
Total net assets		<u>18,394,840</u>	<u>13,805,194</u>
Represented by:			
Restricted funds		305,327	93,893
Endowment funds		15,138,500	10,802,348
Designated fund		2,143,221	2,189,220
General fund		807,792	719,733
	11,12	<u>18,394,840</u>	<u>13,805,194</u>

The notes on pages 18 to 33 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 31 March 2022 and were signed on its behalf by:


.....

Nicholas Vetch

Trustee

Company number: 4971133

The Royal Drawing School
Statement of cash flows
Year ended 31 August 2021

	31-Aug-21 £	31-Aug-20 £
Cash flows from operating activities:		
Net income / (expenditure) in the year	4,589,646	(93,109)
Depreciation charges	125,501	123,388
(Gains)/losses on investments	(1,168,560)	76,627
Dividends, interest and rent from investments	239,166	(72,491)
Receipt of endowment	(471,998)	(607,096)
(Increase)/decrease in debtors	(358,144)	124,931
Increase/(decrease) in creditors	(211,545)	91,739
Net cash provided by / (used in) operating activities	2,744,066	(356,011)
Cash flows from investing activities:		
Dividends and interest from investments	(239,166)	72,491
Purchase of fixed assets	(69,819)	(17,559)
Disposal of fixed assets	4,640	-
Proceeds from sale of investments	8,418,299	3,174,021
Purchase of investments	(12,521,912)	(3,309,208)
Net cash provided by / (used in) investing activities	(4,407,958)	(80,255)
Cash flows from financing activities:		
Receipt of endowment	471,998	607,096
Net cash provided by / (used in) financing activities	471,998	607,096
Change in cash and cash equivalents in the year	(1,191,894)	170,830
Cash and cash equivalents at the beginning of the year	2,648,647	2,477,817
Cash and cash equivalents at the end of the year	1,456,753	2,648,647

1 Accounting policies

The School (company number: 04971133) is a private charitable company limited by guarantee, is incorporated in England and Wales and is registered at 19-22 Charlotte Road, London, EC2A 3SG.

1.01 Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note(s).

The key judgements and estimates and accounting policies are set out in 1.02 to 1.17 below.

1.02 Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include the assumptions around the probability of receipt of accrued income and the valuation of investments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

In view of the current COVID-19 pandemic the trustees have undertaken an assessment of the viability of the company for a period of 12 months from the date of approval of these financial statements and are of the opinion the preparation of them as a going concern is appropriate for the company.

The School meets the definition of a public benefit entity under FRS 102.

1.03 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.

1.04 Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1.05 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

1.06 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of the operational charitable programmes, and the costs incurred by corporate service teams to support these programmes, which are undertaken to further the purposes of the charity along with their associated support costs

1.07 Allocation of support costs

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

1.08 Operating leases

Rents payable under operating leases are charged against income on a straight line basis over the lease term.

1.09 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets denominated in foreign currencies are translated at the rate ruling at the balance sheet date.

1.10 Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|------------------------------------|-------------------------|
| - Freehold buildings | - over 50 years on cost |
| - Fixtures, fittings and equipment | - over 3 years on cost |
| - Website and booking system | - over 4 years on cost |
| - Leasehold improvements | - over 5 years on cost |

The Trustees took the decision to exercise the break clause in the property lease at TBW, resulting in the expected useful life being revised from 25 years to 5 years.

1.11 Investments

The investments are held at market value at the year end date. For quoted investments these are the values as at 31 August. For other investments, notably private equity funds, where valuation dates are not coterminous with the charity's year end, a best estimate is made of their market value as at 31 August.

1.12 Debtors

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

1 Accounting policies (continued)

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Pensions

The School operates defined contribution pension arrangements, the assets of which are held separately from those of the School in independently administered funds. Contributions are charged to the income and expenditure account as they become payable.

1.16 Fund accounting

The School maintains five types of fund:

- General unrestricted funds are those which can be used in accordance with the School's charitable objects at the discretion of the trustees.
- Designated unrestricted funds comprise funds which have been set aside at the discretion of the Board of Trustees for specific purposes.
- Restricted funds are donations, sponsorships or grants given for a specific piece of work or area of activity, mainly scholarships and community work.
- Permanent endowment funds are funds where the capital must be held permanently by the School. The funds are invested, or held in cash, and the movement in fund values are recognised in the SOFA as investment gains and losses. Income arising on permanent endowment funds is treated as part of the total return. See note 8.
- Expendable endowment funds comprise funds held on trust to be retained for the benefit of the School as a capital fund. The Trustees have power of discretion to convert endowed capital into income.

1.17 Estimates and judgements

Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately differ from those estimates.

The valuation of investments is a key accounting estimate, as two of the investment funds are closed funds, and valuations are only obtainable on a calendar quarterly basis. There are no available benchmarking tools available to calculate the movement between statements, and so the value in these accounts is held per the latest available quarterly statement released in this financial year.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life, per note 1.11.

Trustees have found no additional areas of judgement with a significant effect on the financial statements.

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

2 Income

	General Funds	Restricted Funds	Endowment Funds	Total	Total
	31-Aug-21	31-Aug-21	31-Aug-21	31-Aug-21	31-Aug-20
	£	£	£	£	£
Donations and legacies	752,054	640,578	471,998	1,864,630	2,109,060
Charitable activities					
Course fees	1,066,915	-	-	1,066,915	853,119
Materials	4,393	-	-	4,393	9,459
Other income	102,815	-	-	102,815	48,857
	1,174,123	-	-	1,174,123	911,435
Investments					
Deposit account interest	456	-	-	456	21,749
Dividends and interest	-	-	(239,622)	(239,622)	50,742
	456	-	(239,622)	(239,166)	72,491
	1,926,633	640,578	232,376	2,799,587	3,092,986

3 Expenditure

	31-Aug-21	31-Aug-20
	£	£
Raising Funds		
Staff costs (Note 5)	180,100	183,803
Publicity and fundraising	31,057	112,656
	211,157	296,459
Charitable activities		
Educational activity:		
Staff costs (Note 5)	1,139,849	1,052,802
Other direct costs (Note 4)	1,425,158	1,500,245
Support costs (Note 4)	236,507	259,962
	2,801,514	2,813,009
	3,012,671	3,109,468

4 Other direct costs and support costs

	31-Aug-21	31-Aug-20
	£	£
Other direct costs comprise:		
Tutors and models	624,081	565,813
Premises costs (including staff costs - Note 5)	394,606	450,473
Bursaries and prizes	43,719	61,397
Other direct costs (including depreciation)	362,752	422,562
	1,425,158	1,500,245
Support costs comprise:		
Financial and secretarial	56,475	54,099
Exchange (gains)/losses	104,998	151,331
Insurance	17,432	15,503
Bank interest and charges	13,485	22,891
Governance:		
Legal and corporate costs	30,887	2,898
Audit fees (Note 6)	13,230	13,240
	236,507	259,962

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

5	Staff costs	31-Aug-21 £	31-Aug-20 £
	Wages and salaries	1,104,101	1,131,740
	National insurance	105,714	90,704
	Pension costs	91,599	78,322
		1,301,414	1,300,766
	Temporary staff costs	-	-
	Recruitment and training costs	18,536	12,713
		1,319,950	1,313,479

No employee earned annual remuneration between £60,000 and £70,000 during the year (2020: one), two employees earned annual remuneration between £70,000 and £80,000 during the year (2020: one), one employee earned annual remuneration between £100,000 and £110,000 during the year (2020: none) and no employee earned remuneration between £110,000 and £120,000 during the year (2020: one).

	£	£
Pension costs for higher paid staff were:	37,337	26,050

The average number of employees (head count based on number of staff employed) during the year was 46 (2020: 60). The average number of full time equivalent employees during the year analysed by function, was:

	31-Aug-21 Number	31-Aug-20 Number
Artistic and executive directors	2	2
Education programmes	23	20
Technicians	7	6
	32	28

The total employee benefits including pension contributions of the key management personnel were £315,567 (2020: £236,488).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

6	Net (outgoing)/incoming resources before other recognised gains and losses	31-Aug-21 £	31-Aug-20 £
	This is stated after charging:		
	Auditors' remuneration	13,230	13,240
	Depreciation	125,501	123,388

Trustees are eligible to be reimbursed for travel and incidental expenses incurred in the performance of their duties; £nil was claimed (2020: nil). One trustee received fees totalling £690 in connection with services as a self-employed drawing tutor (2020: two). In addition, no trustees received fees in relation to services provided on an arm's length basis (2020: none).

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

7 Tangible fixed assets

	Freehold land and buildings £	Leasehold improvements £	Website & Booking System £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2020	2,416,667	230,995	92,526	51,851	2,792,039
Additions	-	59,769	10,050	-	69,819
Disposals	-	(166,995)	-	(13,525)	(180,520)
At 31 August 2021	2,416,667	123,769	102,576	38,326	2,681,338
Depreciation					
At 31 August 2020	227,447	151,534	70,625	46,898	496,504
Charge for the year	45,999	68,498	6,825	4,179	125,501
Disposals	-	(162,354)	-	(13,525)	(175,879)
At 31 August 2021	273,446	57,678	77,450	37,552	446,126
Net book value					
At 31 August 2021	2,143,221	66,091	25,126	774	2,235,212
At 31 August 2020	2,189,220	79,461	21,901	4,953	2,295,535

All of the above assets are used for charitable purposes.

8 Investments

	31-Aug-21 £	31-Aug-21 £	31-Aug-21 £
Current Year	Permanent	Expendable	Total
Market value at 31 August 2020	4,301,108	4,872,812	9,173,920
Additions at cost	5,304,798	7,217,114	12,521,912
Disposals at cost	(4,674,183)	(3,340,251)	(8,014,434)
Movement in cash held for investments	(409,777)	5,913	(403,864)
Change in market value	2,836,160	(1,667,600)	1,168,560
Market value at 31 August 2021	7,358,106	7,087,988	14,446,094
Prior Year	Permanent	Expendable	Total
Market value at 31 August 2019	4,447,438	4,667,922	9,115,360
Additions at cost	1,139,420	2,169,788	3,309,208
Disposals at cost	(1,255,293)	(183,184)	(1,438,477)
Movement in cash held for investments	(144,200)	(1,591,344)	(1,735,544)
Change in market value	113,743	(190,370)	(76,627)
Market value at 31 August 2020	4,301,108	4,872,812	9,173,920

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

8 Investments (continued)

Market Value	31-Aug-21 £	31-Aug-21 £	31-Aug-21 £
Current Year	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	1,459,073	83,292	1,542,365
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	2,303,017	2,303,017
iShares Core MSCI World UCITS ETF	-	1,376,303	1,376,303
Partners Capital Greyhawk Cayman Feeder Fund, Ltd	-	1,418,591	1,418,591
The Master Portfolio (C) Ltd - GBP	5,425,457	1,862,509	7,287,966
Other Investments	-	38,333	38,333
Cash held for investment	473,576	5,943	479,519
Total market value	7,358,106	7,087,988	14,446,094
Prior Year	31-Aug-20 £	31-Aug-20 £	31-Aug-20 £
	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	2,096,264	79,753	2,176,017
Ruffer Total Return Fund – C Inc GBP	-	1,183,077	1,183,077
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	1,605,580	1,605,580
GAM Star PLC - Credit Opportunities -Institutional - (GBP)	1,040,500		1,040,500
Veritas Funds PLC - Gibal Focus Fund -C- (GBP)		1,665,443	1,665,443
Other Investments	280,994	338,929	619,923
Cash held for investment	883,350	30	883,380
Total market value	4,301,108	4,872,812	9,173,920
Income for the year	31-Aug-21 £	31-Aug-21 £	31-Aug-21 £
Current Year	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	(268,390)	2,804	(265,586)
Ruffer Total Return Fund – C Inc GBP	-	8,186	8,186
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	5,913	5,913
Other Investments	7,198	14,534	21,732
Cash held for investment	-	(9,868)	(9,868)
Total income	(261,192)	21,569	(239,623)
Prior Year	31-Aug-20 £	31-Aug-20 £	31-Aug-20 £
	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	(45,715)	3,115	(42,600)
Ruffer Total Return Fund – C Inc GBP	-	16,771	16,771
Other Investments	10,114	14,839	24,953
Cash held for investment	-	51,618	51,618
Total income	(35,601)	86,343	50,742

8 Investments (continued)

Permanent endowment funds: Total Return Accounting

The School has adopted The Charities (Total Return) Regulations 2013 issued by the Charity Commission and has implemented the total return investment powers in relation to its permanent endowment investment. The regulation permits the trustees to invest the portfolio to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of the unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The trustees have exercised their power to allocate unapplied total return to income of £298,954 (2020: £224,472) in the year. Total allocation of return to income represents 5% annual of the average fund value held during the year, subject to sufficient unapplied total return.

The investment fund and application of total return to permanent endowment funds:

	31-Aug-21 £	31-Aug-20 £
Opening value of permanent endowment	4,301,108	4,447,438
Less: Original value of the gift	(4,000,000)	(4,000,000)
Unapplied total return brought forward	301,108	447,438
Add		
Investment return: dividends and interest	(261,192)	(35,601)
Investment return: gains and (losses)	3,617,144	113,743
Unapplied total return before transfer to income	3,657,060	525,580
Less		
Total return applied	(298,954)	(224,472)
Unapplied return as at 31 August 2021	3,358,106	301,108
Add		
Original value of the gift brought forward	4,000,000	4,000,000
New endowments in the year	-	-
Permanent endowment including unapplied total return as at 31 August 2021 constituting the investment fund	7,358,106	4,301,108

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

9 Debtors

	31-Aug-21	31-Aug-20
	£	£
Trade debtors	9,407	27,584
Donations receivable	616,677	305,389
Prepayments	52,801	101,976
Other debtors	117,983	3,775
	796,868	438,724

10 Creditors: amounts falling due within one year

	31-Aug-21	31-Aug-20
	£	£
Trade creditors	128,073	201,356
Accruals	32,968	21,497
Deferred income	309,997	464,601
Other taxes and social security	23,167	28,299
Sundry creditors	45,882	35,879
	540,087	751,632
Opening deferred income	464,601	376,114
Released in the year	(464,601)	(376,114)
Income deferred in the current year	309,997	464,601
	309,997	464,601

11 Movement on funds

	At 31 August 2020	Income	Expenditure	Transfer	Other recognised gains / losses	At 31 August 2021
	£	£	£	£	£	£
Current Year						
Unrestricted funds						
General Fund	719,733	1,926,633	(2,537,528)	698,954	-	807,792
Designated Property Fund	2,189,220	-	(45,999)	-	-	2,143,221
	2,908,953	1,926,633	(2,583,527)	698,954	-	2,951,013
Restricted funds						
Artist On Film	20,602	-	-	-	-	20,602
Drawing Year Fund	9,050	130,237	(134,387)	-	-	4,900
Young Artists Programme	-	23,663	(23,663)	-	-	-
Foundation Year Fund	57,561	144,000	(201,561)	-	-	-
Denis Mahon	6,680	10,000	(4,230)	-	-	12,450
Alumni & DH	-	25,819	(8,444)	-	-	17,375
Public Programme General	-	35,945	(35,945)	-	-	-
Scholarship and general restricted	-	20,914	(20,914)	-	-	-
Building Works Fund	-	250,000	-	-	-	250,000
	93,893	640,578	(429,144)	-	-	305,327
Endowment funds						
Permanent endowments	4,301,108	(261,192)	-	(298,954)	3,617,144	7,358,106
Expendable endowments	6,501,240	493,568	-	(400,000)	1,185,586	7,780,394
	10,802,348	232,376	-	(698,954)	4,802,730	15,138,500
Total funds	13,805,194	2,799,587	(3,012,671)	-	4,802,730	18,394,840

The Trustees approved a cash transfer of £400,000 from expendable endowment funds to general funds, representing the cash drawn down from those funds during the year.

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

11 Movement on funds (continued)

	At 31 August 2019	Income	Expenditure	Transfer	Other recognised gains / losses	At 31 August 2020
Prior Year	£	£	£	£	£	£
Unrestricted funds						
General Fund	685,572	1,528,713	(2,119,024)	624,472	-	719,733
Designated Property Fund	2,219,887	-	(30,667)	-	-	2,189,220
	<u>2,905,459</u>	<u>1,528,713</u>	<u>(2,149,691)</u>	<u>624,472</u>	<u>-</u>	<u>2,908,953</u>
Restricted funds						
Artist On Film	20,602	-	-	-	-	20,602
Drawing Year Fund	-	272,910	(263,860)	-	-	9,050
Young Artists Programme	-	26,605	(26,605)	-	-	-
Foundation Year Fund	126,633	346,822	(415,894)	-	-	57,561
Denis Mahon	-	10,000	(3,320)	-	-	6,680
Alumni & DH	-	7,685	(7,685)	-	-	-
Public Programme General	-	43,473	(43,473)	-	-	-
Scholarship and general restricted	-	198,940	(198,940)	-	-	-
	<u>147,235</u>	<u>906,435</u>	<u>(959,777)</u>	<u>-</u>	<u>-</u>	<u>93,893</u>
Endowment funds						
Permanent endowments	4,447,438	(35,601)	-	(224,472)	113,743	4,301,108
Expendable endowments	6,398,171	693,439	-	(400,000)	(190,370)	6,501,240
	<u>10,845,609</u>	<u>657,838</u>	<u>-</u>	<u>(624,472)</u>	<u>(76,627)</u>	<u>10,802,348</u>
Total funds	<u>13,898,303</u>	<u>3,092,986</u>	<u>(3,109,468)</u>	<u>-</u>	<u>(76,627)</u>	<u>13,805,194</u>

11 Movement on funds (continued)

Designated Property Fund

This is a designated fund representing the net book value of the charity's one third share of 19-22 Charlotte Road, London EC2A 3SG.

Artist On Film

This fund is to support the delivery of the School's Artist on Film series.

Drawing Year Fund

This fund is to support the delivery of the School's MA-level Drawing Year.

Alumni & DH

This fund is to support the professional development and artistic practice of alumni of the School's Drawing Year programme.

Young Artists Programme

This fund is to support the School's Young Artists Programme of weekly drawing classes for children and young people aged 11-18.

Foundation Year Fund

This fund is to support the delivery of the School's Foundation Year.

Dumfries House Residencies

This fund is to support the School's artist residency programme at Dumfries House.

Artists Residencies

This fund is to support the School's international artist residencies programme.

Denis Mahon

This fund is to support the artistic practice of an alumnus of the School's MA-level Drawing Year.

Public Programme General

This fund is to update the fabric of the building at 19-22 Charlotte Road.

IIFA

This fund is to support a teaching residency in India, for four Alumni of the School's Drawing Year programme.

Building Works Fund

Capital received to fund development of Charlotte Road.

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

11 Movement on funds (continued)

Endowment Funds

	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Current Year			
Balance brought forward at 1 September 2020	4,301,108	6,501,240	10,802,348
Endowment capital received			
Howard & Nancy Marks	-	471,998	471,998
Dividends and interest received net of expenses	(261,192)	21,570	(239,622)
	4,039,916	6,994,808	11,034,724
Change in market value of investments	3,617,144	1,185,586	4,802,730
Transfer to General Fund (note 11)	-	(400,000)	(400,000)
Total return applied	(298,954)	-	(298,954)
Balance carried forward at 31 August 2021	7,358,106	7,780,394	15,138,500
Represented by:			
Fixed Asset Investments	7,358,106	7,087,988	14,446,094
Cash	-	692,406	692,406
	7,358,106	7,780,394	15,138,500
Prior Year			
Balance brought forward at 1 September 2019	4,447,438	6,398,171	10,845,609
Endowment capital received			
Howard & Nancy Marks	-	607,096	607,096
Dividends and interest received net of expenses	(35,601)	86,343	50,742
	4,411,837	7,091,610	11,503,447
Change in market value of investments	113,743	(190,370)	(76,627)
Transfer to General Fund (note 11)	-	(400,000)	(400,000)
Total return applied	(224,472)	-	(224,472)
Balance carried forward at 31 August 2020	4,301,108	6,501,240	10,802,348
Represented by:			
Fixed Asset Investments	4,301,108	4,872,812	9,173,920
Cash	-	1,628,428	1,628,428
	4,301,108	6,501,240	10,802,348

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2021

12 Analysis of net assets between funds

	General Fund 2021 £	Designated Fund 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £
Current year					
Fixed assets	91,991	2,143,221	-	14,446,094	16,681,306
Net current assets	715,801	-	305,327	692,406	1,713,534
	807,792	2,143,221	305,327	15,138,500	18,394,840
Prior year					
	General Fund 2020 £	Designated Fund 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
Tangible fixed assets	48,754	2,189,220	57,561	9,173,920	11,469,455
Net current assets	670,979	-	36,332	1,628,428	2,335,739
	719,733	2,189,220	93,893	10,802,348	13,805,194

13 Pensions

The Royal Drawing School contributes to individuals' personal pension schemes, which are thus accounted for as a defined contribution pension scheme.

The cost recognised within the result for the year in the statement of financial activities (see Note 5) is equal to the contributions payable during the year.

14 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

15 Related parties

The husband of a Trustee was a paid self-employed tutor at the School, receiving fees totalling £nil in connection with these services (2020: £3,520). They started teaching at the School prior to the appointment of this Trustee.

Trustees donated £30,000 in the year (2020: £28,233). There were no other related party transactions during the year.

16 Financial commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

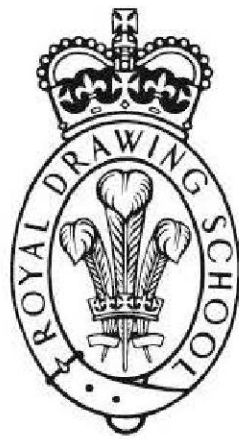
	31-Aug-21 £	31-Aug-20 £
Land and buildings		
Payable within one year	-	27,535
Payable in two to five years	-	-
	31-Aug-21	31-Aug-20
Photocopier		
Payable within one year	7,246	3,964
Payable in two to five years	18,265	-

THE ROYAL DRAWING SCHOOL

England & Wales - Charity number 1101538

Accounts

Company number 4971133



ROYAL
DRAWING
SCHOOL

THE ROYAL DRAWING SCHOOL

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2020

The trustees, who are also the directors of the charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charitable company for the year ended 31 August 2020. The trustees have adopted the provisions of the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number: 4971133 (Registered in England and Wales)
Registered Charity number: 1101538
Registered Office: 19-22 Charlotte Road, Shoreditch, London EC2A 3SG

Founding Royal Patron HRH The Prince of Wales

Trustees

Sir Charles Saumarez Smith	Chair
Stephen Davis	Treasurer
Glenda Bailey	Appointed 18/06/20
The Hon David Macmillan	
Evy Hambro	
Bettina von Hase	
Linda Heathcoat-Amory	Retired 27/01/21
Professor Eileen Hogan	
Laura Lindsay	Retired 27/01/21
Nancy Marks	Retired 27/01/21
Humphrey Ocean RA	Retired 27/01/21
The Hon Lady Roberts DCVO	Retired 03/12/20
Matthew Rice	Appointed 18/06/20
Andrea Rose CMG OBE	
Alexander Sturgis	
Nicholas Vetch	Appointed 02/12/20
Manuela Wirth	Retired 23/09/2020

Senior Management Team: Catherine Goodman - Founding Artistic Director
Julia Balchin - Acting Executive Director

Auditors: Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Bankers: National Westminster Bank Plc, Cavell House,
2a Charing Cross Road, London WC2H 0PD

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES

Purposes and aims

Our charity's purposes as set out in the objects contained in the company's memorandum of association are to benefit the public through:

- the advancement of the education of the public in the arts of drawing, painting, sculpture and print making.

The aim of our charity is to raise the standard and profile of observational drawing. This aim fully reflects the purposes the charity was set up to further.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous year. We look at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. Our review also helps us to ensure that our aims, objectives and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, we consider how planned activities will contribute to the aims and objectives we have set.

The focus of our work

Our main objective for the year continued to be to raise the standard and profile of observational drawing. The main activities we engaged in to meet this objective were:

- ***The Drawing Year*** – approximately 30 students are accepted each year onto our postgraduate level fifteen month course in drawing. They each receive a scholarship to cover all of their course fees, tutorials, lectures and forums. Each student also receives a free studio space in which to undertake their own artistic practice. A number of students are allocated means-tested maintenance grants, to assist with living expenses.
- ***Public Courses*** – consisting of three terms of subsidised day and evening courses, open to artists, creatives and members of the public interested in drawing, taught at all levels. There are also holiday courses at Easter and Christmas, as well as a summer school. Courses are held at our own studios, as well as in the principal museums and galleries, and out and about in London. A fee paying programme - our full rate is subsidised and a wide range of additional concessions are offered to ensure our courses are available to all.
- ***The Foundation Year*** – a one year, fully-taught, skills-based course in fine art practice, for approximately 45 students, almost all of whom are school-leavers. Accredited at Level 3 and

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

4, a diploma is awarded by The Prince's Trust upon graduation. They receive scholarships to cover all of their course fees, tutorials, lectures and forums. The course is structured to enable students to progress to BA courses in a wide range of creative subjects including fine art, illustration, graphic and product design, film-making and fashion.

- ***The Young Artists Programme*** – providing serious and sustained drawing teaching for talented and committed children aged from 10 to 18. Full and partial scholarship support is offered to students on a means-tested basis. Classes take place every week during term-time, and are taught by alumni of our Drawing Year programme

STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

All of our charitable activities focus on raising the standard and profile of observational drawing through teaching and practice, and are undertaken to further our charitable purposes for the public benefit.

The School has established itself as a valued, specialist teaching resource, within the landscape of UK art education. The School aims to make it possible for anyone with a talent and passion for drawing to take its courses.

Who used and benefited from our activities?

Covid19 had a significant impact on the School's delivery in 2020. The School was swift to respond, and whilst our physical teaching studios were closed during lockdown, we developed a full programme of online courses for Drawing Year, Foundation Year and Public Programme courses. We were not able to run online courses for our children's programmes.

The Drawing Year

The Drawing Year usually consists of a taught component from September to June, followed by six months of studio practice, concluding in December. 2019/20 Year Group: Due to Covid19 students' learning was moved online in March 2019 and the course extended so that students could benefit from a full year of in-person teaching and receive a physical exhibition of work upon graduation. Students from 19/20 will now graduate in May 2021 as part of the School's ongoing commitment to delivering a high level of study to all our students.

The School's External Assessment Board carried out an online assessment and met with the cohort in the autumn term of 2021 for their mid-year assessment. They commented favourably on the overall standard of work. The Assessment Board was also able to report on a high level of student satisfaction, with both the structure of the Drawing Year, and the quality of the teaching provided.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

The School's programme of weekly lectures and 'in conversation' evenings with distinguished speakers and contemporary artists moved online and was well attended by Drawing Year students and the general public from across the globe.

A reduced cohort of 26 students was selected for the 2020/21 Drawing Year to allow for social distancing and space to accommodate the extended outgoing year. The students were selected from more than 450 applicants, and the start date was postponed to January 2021. Students will still receive a full 15 month course and graduate in summer 2022.

Public Courses

More than 50 courses were made available in each of the three terms comprising the academic year. Public courses ran at the School's own studios, as well as in the principal museums and galleries, and on out and about in, London until the National Lockdown. From April all courses were moved online. Participation was excellent in spite of this change, with up to 500 bookings for each term. This number included students attending drop-in classes and the places taken up by Drawing Year students, who are taught alongside students attending public courses. Our public courses are subsidised to ensure the widest possible access to tuition, within the School's overall funding envelope. The School was able to maintain fees at competitive rates throughout the year, and to offer an extensive matrix of significant fee concessions as summarized in the table below.

	Discount %
Full-time BA students studying for a degree in Fine Art	75%
Full-time practicing fine artists under 40 years of age	75%
Primary and secondary school teachers who teach art	50%
Individuals on job seekers allowance	50%
Individuals who receive disability support	50%
Tower Hamlets and Hackney residents	25%
Individuals over the age of 60	10%

The Foundation Year

The School's programme for school-leavers hoping to progress to BA courses at art schools and universities was affected by Covid-19 with all course provisions moving online, however students successfully graduated as planned and progressed to their chosen destinations, receiving an online exhibition at the end of the year.

Under the leadership of two experienced tutors of foundation-level students, half of all teaching was delivered by alumni of the School's postgraduate level programme, The Drawing Year. This helped to

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

fulfil one of the School's key objectives, to develop the next generation of artists who can teach drawing.

A new cohort of 45 talented students was selected for the 2020/21 intake starting in September 2020.

The Young Artists Programme

Taught by alumni of the School's Drawing Year postgraduate level programme, our Young Artists Programme of weekly classes is designed for children aged from 10 to 18, with a talent and passion for drawing. The programme enjoyed a successful year. More than 250 children attended each week, benefiting from the serious and sustained drawing tuition offered

Classes were held in our own premises and at a range of important cultural venues, including the National Gallery and Whitechapel Gallery until the National Lockdown when the programme was temporarily halted, resuming again in September 2020.

STRATEGIC REPORT - FINANCIAL REVIEW

During the sixth year of the School's endowment campaign, receipts to the endowment totalled £0.6 million (2019: £0.5 million), taking total receipts since its inception to £14 million. The School is over halfway to reaching its target of £25.0 million.

The School's balance sheet shows total net assets at 31st August 2020 of £13,805,194 (2019: £13,898,303).

Income for the year is a key performance indicator and totalled £3,092,986 (2019: £3,402,117). This included endowment resources of £657,838 (2019: £695,863). Principal sources of other funding arose from donations and from fees charged to students attending the School's public courses. Whilst there was significant impact to the School's course income due to Covid19, this was offset, in part, with savings made due to building closure and the design of a new online learning programme. Other losses were experienced as donors re-routed donations to support the response to Covid19, and usual fundraising events were cancelled. Expenditure for the year totalled £3,109,468 (2019: £3,389,396), of which staff and tutor costs comprised the main expenditure in the delivery of the School's programmes.

Before net gains on investments this resulted in net expenditure of £16,482 (2019: net income of £12,721) comprising a deficit of £620,978 (2019: £677,342) on unrestricted funds, a deficit of £53,342 (2019: deficit of £5,800) on restricted funds and a surplus of £657,838 on endowed funds (2019: £695,863).

Trustees anticipate that returns from the investment of the School's endowment will make a significant contribution to its overall funding requirements in due course. In a further response to the fundraising imperative, trustees have committed additional resource to the implementation of the

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

School's fundraising strategy, and remain firm in their determination to ensure that the School will continue to deliver its mission across the full scope of its chosen activities.

Fundraising approach and performance

The School concentrates its fundraising efforts on securing the support of high net worth individuals, charitable trusts and foundations whose interests in the arts and education are aligned with its mission to promote drawing. The School is registered with the Fundraising Regulator and no complaints were received during the year. The School has up to date vulnerable adults, GDPR and Privacy policies that are publicly available.

Policy on reserves

The School has reserves of £13,805,194 at the year ended 31 August 2020 (2019: £13,898,303). This comprises restricted funds of £93,893 (2019: £147,235), endowment funds of £10,802,348 (2019: £10,845,609), designated funds of £2,189,220 (2019: £2,219,887) and unrestricted general funds of £719,733 (2019: £685,572).

To mitigate financial risk for the charity, the trustees' aim is to establish a level of unrestricted general reserves covering at least six months of operating expenditure. On this basis, the School aims to build unrestricted general funds of approximately £1,500,000.

Trustees remain confident that as the School's endowment fund and the income that is generated from it grow, it will be possible to build towards this level of unrestricted general funds.

Investment policy and performance

Funds from the School's successful endowment campaign are invested by the trustees' Investment Committee, with the primary purpose of supporting the activities of the School and providing a good income, whilst retaining the capital value of funds invested.

For the permanent endowment, received 04/08/2014, the School has adopted The Charities (Total Return) Regulations 2013 as explained in Note 8 to the accounts. The Trustees, having considered market returns, have set the allocation of returns at 5% to ensure consistency.

The Investment Committee decides which investment asset classes it believes will provide medium to long term value and then identifies investment managers with an appropriate investment strategy. For the year, the investment managers generated a loss of £28,885 (0.4%) net of management fees (2018: Loss £198,785 – 2.5%).

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

STRATEGIC REPORT - PLANS FOR FUTURE YEARS

The School plans to continue the Drawing Year, Young Artist and Public Programme activities outlined above in the forthcoming years, subject to satisfactory funding arrangements. Ensuring the School's long-term and sustainable future as a valued teaching resource, of acknowledged national and international excellence in its own specialist field, remains at the forefront of its planning.

In response to the evolving education landscape and the erosion of FE foundation courses as a springboard to HE, coupled with the uncertainty of international student places due to Covid19, a decision was taken to close the Foundation Year at the end of the academic year (2021). This will enable the School to refocus activity and resources around its core mission, reduce operational costs and operate from one main campus. The School is concentrating investment on a major new project to improve and increase teaching and exhibitions space at its main campus in Shoreditch, London. This will increase public engagement, bring greater street level presence, and serve the community with an expanded programme of drawing based courses and exhibitions programme. Additionally, the School is developing its programme of online learning to complement studio teaching and expand its audience to national regions, worldwide and those who cannot physically attend courses.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Royal Drawing School was founded as part of The Prince's Foundation in 2000, commencing as a separate charitable company on 1 April 2004. The Royal Drawing School is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12 November 2003 (amended 13 June 2017), which established the objects and powers of the charitable company.

Governance and Management

The directors of the company are also charity trustees for the purposes of charity law. There must be at least three trustees, and they are recruited by resolution of the existing trustees on the basis of their knowledge of the art and art education worlds or their business experience. No formal policies and procedures have been adopted for the induction and training of trustees. Trustees are provided with Board papers from the last meeting and School literature, and they are invited to attend all sub-committees and to meet with students, staff and faculty to familiarise themselves with the work of the School. During their tenure trustees have the opportunity to have ongoing training, paid for by the School, to help them fulfil their duties.

The board of trustees meets at least three times each year, to set the overall strategic direction of the charity and to monitor the achievement of its objectives. A Finance & Audit Committee of key trustees and staff meets six times each year. Day to day management of the charity is delegated to the Executive Director (who is not a Companies Act Director).

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

The trustees consider that the members of the Executive Committee comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 15 to the accounts. The employees included in the key management personnel are the Artistic and Executive Directors.

The pay of the Artistic and Executive Directors, and all other staff, is reviewed annually, and normally increased in accordance with average earnings to reflect a cost of living adjustment.

Committees

A committee of the trustees and key management personnel, the Finance & Audit Committee, undertakes detailed consideration of the School's key strategic and operational issues and advises the trustees in relation to their responsibilities for financial management, control and reporting, as well as in relation to the management of human resources.. The members of the committee, which meets six times each year, are:

Charles Saumarez Smith (Chair)
David Macmillan
Andrea Rose
Stephen Davis (Treasurer)
Catherine Goodman (Founding Artistic Director)
Mark Chester (Executive Director)

The Academic Board advises the trustees on their responsibilities for setting the School's curriculum and for ensuring the highest academic standards and reputation. The members of the Academic Board are:

Linda Heathcoat-Amory (Chair, Trustee)
Julian Bell
Mark Cazalet
Professor Ewan Clayton
Liza Dumbleby
William Feaver
Catherine Goodman (Founding Artistic Director)
Professor Eileen Hogan (Trustee)
Timothy Hyman RA
Harry Parker
Sarah Pickstone
Martin Shortis

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

An Assessment Board provides independent, external monitoring and evaluation of the work of Drawing Year students and recommendations on the course of study. Its members are:

Martin Clayton MVO FSA
Eileen Cooper RA
Laura Cummings
Neil Jeffries RA
Sydney Picasso (Acting Chair)

The School's Investment Committee oversees the investment of the School's endowment funds. The Committee's members are all investment professionals of significant reputation and standing. They are:

Howard Marks (Chair)
Stephen Davis (Treasurer, Trustee)
Francesco Goedhuis
Stuart Roden

STRATEGIC REPORT - RISK MANAGEMENT

The trustees review the major risks to which the charity is exposed, no less than annually, and have adopted a formal risk-management process to evaluate risk by likelihood and impact. The trustees are satisfied that the risk control document generated by this process, enables them to identify and mitigate risk to an acceptable level. The most significant risks and mitigations are detailed below:

RISK	MITIGATION
The School's annual fundraising is not sufficient to cover its costs of operation	A fundraising strategy that has clear targets, is sufficiently resourced and closely monitored
The School does not have fit-for-purpose premises in which to deliver its programmes.	Maximise teaching space within our share of Charlotte Road building (one third ownership); take a measured view of committing resources when the School does not have long-term security of tenure elsewhere

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

Further risks have been identified this year due to the global pandemic Covid19, the most significant of which are detailed below

RISK	MITIGATION
The School must close its teaching spaces due to a global pandemic	Implement online learning programme; ensure building Operation Guidelines meet standards to mitigate contamination, follow government or local guidance; ensure a robust Risk Assessment is carried out.
The School's course income is reduced due to a global pandemic	Move courses online to continue to teach students and generate course income; reduction in building costs due to building closure will help offset loss of income; subscribe to government relief programmes
The School's annual fundraising is reduced due to a global pandemic	Unrestricted general reserves covering at least six months of operating expenditure; reduce running costs through building closure and government relief programmes; roll out a fundraising strategy in response to the pandemic
There is an Outbreak at the School	Follow Outbreak plan and Operations Guidelines; temporary closure if necessary; Risk Assessment; effective communication of policies and plan to all stakeholders

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charitable company and of the surplus or deficit of the charitable company for that year. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES (continued) FOR THE YEAR ENDED 31 AUGUST 2020

AUDITORS

The auditors, haysmacintyre, are deemed to be appointed under section 487(2) of the Companies Act 2006.

This report, which incorporates the Strategic Report, was approved by the trustees and signed on their behalf by:


Stephen Davis (Mar 24, 2021 16:56 GMT)
.....
Stephen Davis
Trustee

Date: 24 March 2021
.....

THE ROYAL DRAWING SCHOOL

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditor's report to the members of The Royal Drawing School

Opinion

We have audited the financial statements of The Royal Drawing School for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2020 and of the charitable company's net movement in funds, including the 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 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10, 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.

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

INDEPENDENT AUDITOR'S REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

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.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

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 (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

THE ROYAL DRAWING SCHOOL

INDEPENDENT AUDITOR'S REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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 by the charitable company; or
- the charitable company 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

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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

Dated: 24 March 2021

10 Queen Street Place

London

EC4R 1AG

The Royal Drawing School
Statement of financial activities including income and expenditure account
Year ended 31 August 2020

	Notes	Unrestricted Funds 31-Aug-20 £	Restricted Funds 31-Aug-20 £	Endowment Funds 31-Aug-20 £	Total Funds 31-Aug-20 £	Total Funds 31-Aug-19 £
Income from:						
Donations and legacies		595,529	906,435	607,096	2,109,060	2,126,932
Charitable activities:						
Education		911,435	-	-	911,435	862,833
Investments		21,749	-	50,742	72,491	210,969
Other		-	-	-	-	201,383
Total income	2	1,528,713	906,435	657,838	3,092,986	3,402,117
Expenditure on:						
Raising funds		296,459	-	-	296,459	364,358
Charitable activities:						
Education		1,853,232	959,777	-	2,813,009	3,025,038
Total expenditure	3	2,149,691	959,777	-	3,109,468	3,389,396
Net income / (expenditure) before change in market value of investments and transfers		(620,978)	(53,342)	657,838	(16,482)	12,721
Change in market value of investments		-	-	(76,627)	(76,627)	(392,434)
Net income / (expenditure) for the year		(620,978)	(53,342)	581,211	(93,109)	(379,713)
Transfer - allocation of total return		224,472	-	(224,472)	-	-
Transfer between funds		400,000	-	(400,000)	-	-
Net movement in funds		3,494	(53,342)	(43,261)	(93,109)	(379,713)
Total funds brought forward		2,905,459	147,235	10,845,609	13,898,303	14,278,016
Total funds carried forward	11,12	2,908,953	93,893	10,802,348	13,805,194	13,898,303

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements.

The notes on pages 19 to 32 form part of these financial statements.

The Royal Drawing School

Balance sheet

As at 31 August 2020

	Notes	31-Aug-20 £	31-Aug-19 £
Fixed assets			
Tangible assets	7	2,295,535	2,401,364
Investments	8	9,173,920	9,115,360
		<u>11,469,455</u>	<u>11,516,724</u>
Current assets			
Debtors	9	438,724	563,655
Cash at bank and in hand		2,648,647	2,477,817
		<u>3,087,371</u>	<u>3,041,472</u>
Creditors: amounts falling due within one year	10	(751,632)	(659,893)
Net current assets		<u>2,335,739</u>	<u>2,381,579</u>
Total net assets		<u>13,805,194</u>	<u>13,898,303</u>
Represented by:			
Restricted funds		93,893	147,235
Endowment funds		10,802,348	10,845,609
Designated fund		2,189,220	2,219,887
General fund		719,733	685,572
	11,12	<u>13,805,194</u>	<u>13,898,303</u>

The notes on pages 19 to 32 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 24 March 2021 and were signed on its behalf by:



Stephen Davis (Mar 24, 2021 16:56 GMT)

Stephen Davis

Trustee

Company number: 4971133

The Royal Drawing School
Statement of cash flows
Year ended 31 August 2020

	31-Aug-20 £	31-Aug-19 £
Cash flows from operating activities:		
Net income / (expenditure) in the year	(93,109)	(379,713)
Depreciation charges	123,388	60,241
(Gains)/losses on investments	76,627	392,434
Dividends, interest and rent from investments	(72,491)	(210,969)
Receipt of endowment	(607,096)	(502,209)
(Increase)/decrease in debtors	124,931	785,508
Increase/(decrease) in creditors	91,739	154,784
Net cash provided by / (used in) operating activities	(356,011)	300,076
Cash flows from investing activities:		
Dividends, interest and rents from investments	72,491	210,969
Purchase of fixed assets	(17,559)	(28,951)
Disposal of fixed assets	-	716
Proceeds from sale of investments	3,174,021	1,500,950
Purchase of investments	(3,309,208)	(3,245,175)
Net cash provided by / (used in) investing activities	(80,255)	(1,561,491)
Cash flows from financing activities:		
Receipt of endowment	607,096	502,209
Net cash provided by / (used in) financing activities	607,096	502,209
Change in cash and cash equivalents in the year	170,830	(759,206)
Cash and cash equivalents at the beginning of the year	2,477,817	3,237,023
Cash and cash equivalents at the end of the year	2,648,647	2,477,817

1 Accounting policies

The School (company number: 04971133) is a private charitable company limited by guarantee, is incorporated in England and Wales and is registered at 19-22 Charlotte Road, London, EC2A 3SG.

1.01 Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note(s).

The key judgements and estimates and accounting policies are set out in 1.02 to 1.17 below.

1.02 Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include the assumptions around the probability of receipt of accrued income and the valuation of investments.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

In view of the current COVID-19 pandemic the trustees have undertaken an assessment of the viability of the company for a period of 12 months from the date of approval of these financial statements and are of the opinion the preparation of them as a going concern is appropriate for the company.

The School meets the definition of a public benefit entity under FRS 102.

1.03 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.

1.04 Income recognition

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1.05 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

1.06 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose

- Expenditure on charitable activities includes the costs of the operational charitable programmes, and the costs incurred by corporate service teams to support these programmes, which are undertaken to further the purposes of the charity along with their associated support costs

1.07 Allocation of support costs

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

1.08 Operating leases

Rents payable under operating leases are charged against income on a straight line basis over the lease term.

1.09 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets denominated in foreign currencies are translated at the rate ruling at the balance sheet date.

1.10 Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Freehold buildings	- over 50 years on cost
- Fixtures, fittings and equipment	- over 3 years on cost
- Website and booking system	- over 4 years on cost
- Leasehold improvements	- over 5 years on cost

The Trustees took the decision to exercise the break clause in the property lease at TBW, resulting in the expected useful life being revised from 25 years to 5 years.

1.11 Investments

The investments are held at market value at the year end date. For quoted investments these are the values as at 31 August. For other investments, notably private equity funds, where valuation dates are not coterminous with the charity's year end, a best estimate is made of their market value as at 31 August.

1.12 Debtors

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

1 Accounting policies (continued)

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Pensions

The School operates defined contribution pension arrangements, the assets of which are held separately from those of the School in independently administered funds. Contributions are charged to the income and expenditure account as they become payable.

1.16 Fund accounting

The School maintains five types of fund:

- General unrestricted funds are those which can be used in accordance with the School's charitable objects at the discretion of the trustees.
- Designated unrestricted funds comprise funds which have been set aside at the discretion of the Board of Trustees for specific purposes.
- Restricted funds are donations, sponsorships or grants given for a specific piece of work or area of activity, mainly scholarships and community work.
- Permanent endowment funds are funds where the capital must be held permanently by the School. The funds are invested, or held in cash, and the movement in fund values are recognised in the SOFA as investment gains and losses. Income arising on permanent endowment funds is treated as part of the total return. See note 8.
- Expendable endowment funds comprise funds held on trust to be retained for the benefit of the School as a capital fund. The Trustees have power of discretion to convert endowed capital into income.

1.17 Estimates and judgements

Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately differ from those estimates.

The valuation of investments is a key accounting estimate, as two of the investment funds are closed funds, and valuations are only obtainable on a calendar quarterly basis. There are no available benchmarking tools available to calculate the movement between statements, and so the value in these accounts is held per the latest available quarterly statement released in this financial year.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life, per note 1.11.

Trustees have found no additional areas of judgement with a significant effect on the financial statements.

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2020

2 Income

	General Funds 31-Aug-20 £	Restricted Funds 31-Aug-20 £	Endowment Funds 31-Aug-20 £	Total 31-Aug-20 £	Total 31-Aug-19 £
Donations and legacies	595,529	906,435	607,096	2,109,060	2,126,932
Charitable activities					
Course fees	853,119	-	-	853,119	787,165
Materials	9,459	-	-	9,459	16,685
Other income	48,857	-	-	48,857	58,983
	911,435	-	-	911,435	862,833
Investments					
Deposit account interest	21,749	-	-	21,749	17,315
Dividends and interest	-	-	50,742	50,742	193,654
	21,749	-	50,742	72,491	210,969
Other					
Exchange (gains)/losses	-	-	-	-	201,383
	-	-	-	-	201,383
	1,528,713	906,435	657,838	3,092,986	3,402,117

3 Expenditure

	31-Aug-20 £	31-Aug-19 £
Raising Funds		
Staff costs (Note 5)	183,803	142,088
Publicity and fundraising	112,656	222,270
	296,459	364,358
Charitable activities		
Educational activity:		
Staff costs (Note 5)	1,052,802	1,093,320
Other direct costs (Note 4)	1,500,245	1,779,479
Support costs (Note 4)	259,962	152,239
	2,813,009	3,025,038
	3,109,468	3,389,396

4 Other direct costs and support costs

	31-Aug-20 £	31-Aug-19 £
Other direct costs comprise:		
Tutors and models	565,813	679,276
Premises costs (including staff costs - Note 5)	450,473	467,740
Bursaries and prizes	61,397	74,535
Other direct costs (including depreciation)	422,562	557,928
	1,500,245	1,779,479
Support costs comprise:		
Financial and secretarial	54,099	77,408
Exchange (gains)/losses	151,331	-
Insurance	15,503	17,007
Bank interest and charges	22,891	16,188
Governance:		
Legal and corporate costs	2,898	28,266
Audit fees (Note 6)	13,240	13,370
	259,962	152,239

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5	Staff costs	31-Aug-20 £	31-Aug-19 £
	Wages and salaries	1,131,740	1,081,495
	National insurance	90,704	100,837
	Pension costs	78,322	71,251
		1,300,766	1,253,583
	Temporary staff costs	-	2,939
	Recruitment and training costs	12,713	51,946
		1,313,479	1,308,468

One employee earned annual remuneration between £60,000 and £70,000 during the year (2019: two), one employee earned annual remuneration between £70,000 and £80,000 during the year (2019: one) and one employee earned remuneration between £110,000 and £120,000 during the year (2019: one).

	£	£
Pension costs for higher paid staff were:	26,050	27,156

The average number of employees (head count based on number of staff employed) during the year was 60 (2019: 68). The average number of full time equivalent employees during the year analysed by function, was:

	31-Aug-20 Number	31-Aug-19 Number
Artistic and executive directors	2	2
Education programmes	20	20
Technicians	6	6
	28	28

The total employee benefits including pension contributions of the key management personnel were £236,488 (2019: £234,069).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

6	Net (outgoing)/incoming resources before other recognised gains and losses	31-Aug-20 £	31-Aug-19 £
	This is stated after charging:		
	Auditors' remuneration (excl VAT)	13,240	13,370
	Depreciation	123,388	60,241

Trustees are eligible to be reimbursed for travel and incidental expenses incurred in the performance of their duties; nothing was claimed (2019: none). Two trustees received fees totalling £1,836 in connection with services as self-employed drawing tutors (2019: one). In addition, no trustees received fees in relation to services provided on an arm's length basis (2019: none).

7 Tangible fixed assets

	Freehold land and buildings £	Leasehold improvements £	Website & Booking System £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2019	2,416,667	226,336	79,626	51,852	2,774,481
Additions	-	4,659	12,900	-	17,559
Disposals	-	-	-	-	-
At 31 August 2020	2,416,667	230,995	92,526	51,852	2,792,040
Depreciation					
At 31 August 2019	196,780	70,977	67,626	37,734	373,117
Charge for the year	30,667	80,557	2,999	9,165	123,388
Disposals	-	-	-	-	-
At 31 August 2020	227,447	151,534	70,625	46,899	496,505
Net book value					
At 31 August 2020	2,189,220	79,461	21,901	4,953	2,295,535
At 31 August 2019	2,219,887	155,359	12,000	14,118	2,401,364

All of the above assets are used for charitable purposes.

8 Investments

	31-Aug-20 £	31-Aug-20 £	31-Aug-20 £
Current Year	Permanent	Expendable	Total
Market value at 31 August 2019	4,447,438	4,667,922	9,115,360
Additions at cost	1,139,420	2,169,788	3,309,208
Disposals at cost	(1,255,293)	(183,184)	(1,438,477)
Movement in cash held for investments	(144,200)	(1,591,344)	(1,735,544)
Change in market value	113,743	(190,370)	(76,627)
Market value at 31 August 2020	4,301,108	4,872,812	9,173,920
Prior Year	31-Aug-19 £	31-Aug-19 £	31-Aug-19 £
	Permanent	Expendable	Total
Market value at 31 August 2018	4,537,771	3,225,798	7,763,569
Additions at cost	1,434,329	1,810,846	3,245,175
Disposals at cost	(2,016,026)	(18,746)	(2,034,772)
Movement in cash held for investments	533,822	-	533,822
Change in market value	(42,458)	(349,976)	(392,434)
Market value at 31 August 2019	4,447,438	4,667,922	9,115,360

8 Investments (continued)

Market Value	31-Aug-20 £	31-Aug-20 £	31-Aug-20 £
Current Year	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	2,096,264	79,753	2,176,017
Ruffer Total Return Fund – C Inc GBP	-	1,183,077	1,183,077
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	1,605,580	1,605,580
GAM Star PLC - Credit Opportunities -Institutional - (GBP)	1,040,500		1,040,500
Veritas Funds PLC - Gblal Focus Fund -C- (GBP)		1,665,443	1,665,443
Other Investments	280,994	338,929	619,923
Cash held for investment	883,350	30	883,380
Total market value	4,301,108	4,872,812	9,173,920
Prior Year			
Analysis of investments			
Oaktree Capital Management, L.P. (Four funds)	2,614,161	142,188	2,756,349
Ruffer Total Return Fund – C Inc GBP	-	1,137,022	1,137,022
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	1,737,249	1,737,249
GAM Star PLC - Credit Opportunities -Institutional - (GBP)	805,725	-	805,725
Cash held for investment	1,027,552	1,651,463	2,679,015
Total market value	4,447,438	4,667,922	9,115,360
Income for the year			
Current Year	31-Aug-20 £	31-Aug-20 £	31-Aug-20 £
	Permanent	Expendable	Total
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	(45,715)	3,115	(42,600)
Ruffer Total Return Fund – C Inc GBP	-	16,771	16,771
Other Investments	10,114	14,839	24,953
Cash held for investment	-	51,618	51,618
Total income	(35,601)	86,343	50,742
Prior Year			
Analysis of investments			
Oaktree Capital Management, L.P. (four funds)	176,677	2,438	179,115
TM Lansdowne Developed Markets Long Only SRI Fund GBP	-	16,291	16,291
Cash held for investment	-	(1,752)	(1,752)
Total income	176,677	16,977	193,654

Post year end, one of the Oaktree Capital Management L.P. funds, which is included in the balance sheet at a value of £1,142,470 at the financial year end, between 1 September 2020 and 31 December 2020 returned cash of £1,251,902 to the charity. At 31 December 2020, the remaining value of this investment was £991,407. No adjustment has been made to these accounts as the increase in value was not certain at 31 August 2020.

8 Investments (continued)

Permanent endowment funds: Total Return Accounting

The School has adopted The Charities (Total Return) Regulations 2013 issued by the Charity Commission and has implemented the total return investment powers in relation to its permanent endowment investment. The regulation permits the trustees to invest the portfolio to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until the power is exercised to transfer a portion of the unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment.

The trustees have exercised their power to allocate unapplied total return to income of £224,472 (2019: £224,552) in the year. Total allocation of return to income represents 0.42% (5% annual) of the fund value held at the start of each month, subject to sufficient unapplied total return.

The investment fund and application of total return to permanent endowment funds:

	31-Aug-20 £	31-Aug-19 £
Opening value of permanent endowment	4,447,438	4,537,771
Less: Original value of the gift	(4,000,000)	(4,000,000)
Unapplied total return brought forward	447,438	537,771
Add		
Investment return: dividends and interest	(35,601)	176,677
Investment return: gains and (losses)	113,743	(42,458)
Unapplied total return before transfer to income	525,580	671,990
Less		
Total return applied	(224,472)	(224,552)
Unapplied return as at 31 August 2020	301,108	447,438
Add		
Original value of the gift brought forward	4,000,000	4,000,000
New endowments in the year	-	-
Permanent endowment including unapplied total return as at 31 August 2020 constituting the investment fund	4,301,108	4,447,438

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Year ended 31 August 2020

9 Debtors							
					31-Aug-20	31-Aug-19	
					£	£	
Trade debtors					27,584	57,191	
Donations receivable					305,389	305,946	
Prepayments					101,976	101,451	
Other debtors					3,775	99,067	
					438,724	563,655	
10 Creditors: amounts falling due within one year					31-Aug-20	31-Aug-19	
					£	£	
Trade creditors					201,356	197,165	
Accruals					21,497	32,965	
Deferred income					464,601	376,114	
Other taxes and social security					28,299	29,473	
Sundry creditors					35,879	24,176	
					751,632	659,893	
Opening deferred income					376,114	194,342	
Released in the year					(376,114)	(194,342)	
Income deferred in the current year					464,601	376,114	
					464,601	376,114	
11 Movement on funds							
	At 31 August				Other		
	2019	Income	Expenditure	Transfer	recognised	At 31 August	
	£	£	£	£	gains / losses	2020	
Current Year					£	£	
Unrestricted funds							
General Fund	685,572	1,528,713	(2,119,024)	624,472	-	719,733	
Designated Property Fund	2,219,887	-	(30,667)	-	-	2,189,220	
	2,905,459	1,528,713	(2,149,691)	624,472	-	2,908,953	
Restricted funds							
Artist On Film	20,602	-	-	-	-	20,602	
Drawing Year Fund	-	272,910	(263,860)	-	-	9,050	
Young Artists Programme	-	26,605	(26,605)	-	-	-	
Foundation Year Fund	126,633	346,822	(415,894)	-	-	57,561	
Denis Mahon	-	10,000	(3,320)	-	-	6,680	
Alumni & DH	-	7,685	(7,685)	-	-	-	
Public Programme General	-	43,473	(43,473)	-	-	-	
Scholarship and general restricted	-	198,940	(198,940)	-	-	-	
	147,235	906,435	(959,777)	-	-	93,893	
Endowment funds							
Permanent endowments	4,447,438	(35,601)	-	(224,472)	113,743	4,301,108	
Expendable endowments	6,398,171	693,439	-	(400,000)	(190,370)	6,501,240	
	10,845,609	657,838	-	(624,472)	(76,627)	10,802,348	
Total funds	13,898,303	3,092,986	(3,109,468)	-	(76,627)	13,805,194	

The Trustees approved a cash transfer of £400,000 from expendable endowment funds to general funds, representing the cash drawn down from those funds during the year.

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Notes to the financial statements
Year ended 31 August 2020

11 Movement on funds (continued)

	At 31 August 2018 £	Income £	Expenditure £	Transfer £	Other recognised gains / losses £	At 31 August 2019 £
Prior Year						
Unrestricted funds						
General Fund	657,695	1,985,565	(2,632,240)	674,552	-	685,572
Designated Property Fund	2,250,554	-	(30,667)	-	-	2,219,887
	2,908,249	1,985,565	(2,662,907)	674,552	-	2,905,459
Restricted funds						
Artist On Film	20,602	-	-	-	-	20,602
Drawing Year Fund	-	292,228	(292,228)	-	-	-
Young Artists Programme	-	102,150	(102,150)	-	-	-
Foundation Year Fund	132,433	272,372	(278,172)	-	-	126,633
Dumfries House Residencies	-	2,444	(2,444)	-	-	-
IIFA	-	10,000	(10,000)	-	-	-
Denis Mahon	-	5,027	(5,027)	-	-	-
Residencies	-	31,968	(31,968)	-	-	-
Charlotte Road Building Improvements	-	4,500	(4,500)	-	-	-
	153,035	720,689	(726,489)	-	-	147,235
Endowment funds						
Permanent endowments	4,537,771	176,677	-	(224,552)	(42,458)	4,447,438
Expendable endowments	6,678,961	519,186	-	(450,000)	(349,976)	6,398,171
	11,216,732	695,863	-	(674,552)	(392,434)	10,845,609
Total funds	14,278,016	3,402,117	(3,389,396)	-	(392,434)	13,898,303

11 Movement on funds (continued)

Designated Property Fund

This is a designated fund representing the net book value of the charity's one third share of 19-22 Charlotte Road, London EC2A 3SG.

Artist On Film

This fund is to support the delivery of the School's Artist on Film series.

Drawing Year Fund

This fund is to support the delivery of the School's MA-level Drawing Year.

Alumni & DH

This fund is to support the professional development and artistic practice of alumni of the School's Drawing Year programme.

Young Artists Programme

This fund is to support the School's Young Artists Programme of weekly drawing classes for children and young people aged 11-18.

Foundation Year Fund

This fund is to support the delivery of the School's Foundation Year.

Dumfries House Residencies

This fund is to support the School's artist residency programme at Dumfries House.

Artists Residencies

This fund is to support the School's international artist residencies programme.

Denis Mahon

This fund is to support the artistic practice of an alumnus of the School's MA-level Drawing Year.

Public Programme General

This fund is to update the fabric of the building at 19-22 Charlotte Road.

IIFA

This fund is to support a teaching residency in India, for four Alumni of the School's Drawing Year programme.

11 Movement on funds (continued)

Endowment Funds

	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Current Year			
Balance brought forward at 1 September 2019	4,447,438	6,398,171	10,845,609
Endowment capital received			
Howard & Nancy Marks	-	607,096	607,096
Dividends and interest received net of expenses	(35,601)	86,343	50,742
	4,411,837	7,091,610	11,503,447
Change in market value of investments	113,743	(190,370)	(76,627)
Transfer to General Fund (note 11)	-	(400,000)	(400,000)
Total return applied	(224,472)	-	(224,472)
Balance carried forward at 31 August 2020	4,301,108	6,501,240	10,802,348
Represented by:			
Fixed Asset Investments	4,301,108	4,872,812	9,173,920
Cash	-	1,628,428	1,628,428
	4,301,108	6,501,240	10,802,348
Prior Year			
Balance brought forward at 1 September 2018	4,537,771	6,678,961	11,216,732
Endowment capital received			
Anneberg	-	90,798	90,798
Bruce & Martha Karsh	-	411,411	411,411
Dividends and interest received	176,677	16,977	193,654
	4,714,448	7,198,147	11,912,595
Change in market value of investments	(42,458)	(349,976)	(392,434)
Transfer to General Fund (note 11)	-	(450,000)	(450,000)
Total return applied	(224,552)	-	(224,552)
Balance carried forward at 31 August 2019	4,447,438	6,398,171	10,845,609
Represented by:			
Fixed Asset Investments	4,447,438	4,667,922	9,115,360
Cash	-	1,730,249	1,730,249
	4,447,438	6,398,171	10,845,609

12 Analysis of net assets between funds

	General Fund 2020 £	Designated Fund 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
Current year					
Fixed assets	48,754	2,189,220	57,561	9,173,920	11,469,455
Net current assets	670,979	-	36,332	1,628,428	2,335,739
	719,733	2,189,220	93,893	10,802,348	13,805,194
Prior year					
	General Fund 2019 £	Designated Fund 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £
Tangible fixed assets	54,844	2,219,887	126,633	9,115,360	11,516,724
Net current assets	630,728	-	20,602	1,730,249	2,381,579
	685,572	2,219,887	147,235	10,845,609	13,898,303

13 Pensions

The Royal Drawing School contributes to individuals' personal pension schemes, which are thus accounted for as a defined contribution pension scheme.

The cost recognised within the result for the year in the statement of financial activities (see Note 5) is equal to the contributions payable during the year.

14 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

15 Related parties

Howard Marks is the Chairman of its Investment Committee and is also Co-Chairman of Oaktree Capital Management L.P. (together with its subsidiaries and affiliates "Oaktree"). As part of its investment strategy, the School will invest in assets managed by Oaktree. In respect of any assets managed by Oaktree, Howard Marks will make a personal, annual donation to the School equal to the total of all management fees received by Oaktree from the School in any one year, multiplied by the percentage of Oaktree units that Howard Marks owns at the end of that year.

The husband of a Trustee is a paid self-employed tutor at the School, receiving fees totalling £3,520 in connection with these services (2019: £6,090). They started teaching at the School prior to the appointment of this Trustee.

Trustees donated £28,233 in the year (2019: £32,817). There were no other related party transactions during the year.

16 Financial commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	31-Aug-20	31-Aug-19
	£	£
Land and buildings		
Payable within one year	27,535	17,001
Payable in two to five years	-	-
	31-Aug-20	31-Aug-19
Photocopier		
Payable within one year	3,964	5,420
Payable in two to five years	-	3,964

17 Non adjusting events after the reporting date

The accounts have been approved during a period where there is much uncertainty as a result of the emergence and international spread of a coronavirus (COVID-19). Since the year end, there have been two further COVID-19 related lockdowns, during which the School closed its premises and moved all courses to be delivered online. The Trustees consider that this is a non-adjusting post balance sheet event because the impact on the charity in 20/21 has been significant but no adjustments are required to these financial statements as a result of the matter identified.