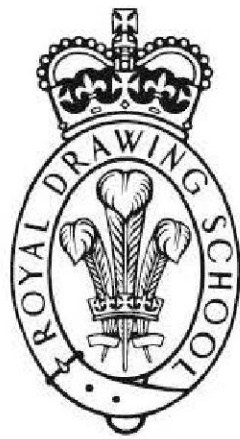


Company number 4971133



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 Dimbleby
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

**REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 AUGUST 2020**

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

The Royal Drawing School
Notes to the financial statements
Year ended 31 August 2020

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

The Royal Drawing School
Notes to the financial statements
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.

The Royal Drawing School
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
	General Fund 2019 £	Designated Fund 2019 £	Restricted Funds 2019 £	Endowment Funds 2019 £	Total Funds 2019 £
Prior year					
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.