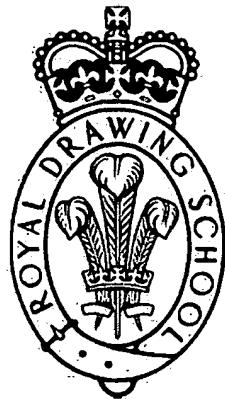


Company number 4971133



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 Czalet
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

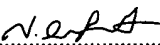
Balance sheet

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
	31-Aug-20 £	31-Aug-20 £	31-Aug-20 £
Prior 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 - 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)
	31-Aug-20 £	31-Aug-20 £	31-Aug-20 £
Prior Year	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				Other		At 31 August
	2020	Income	Expenditure	Transfer	recognised		2021
	£	£	£	£	gains / losses	£	£
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.

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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
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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

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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	-