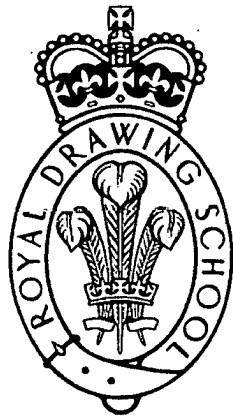


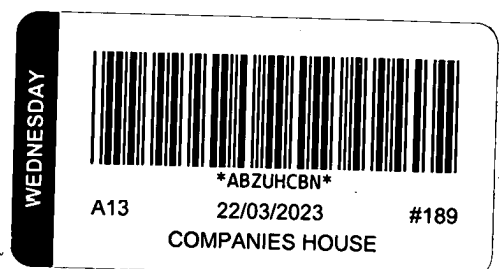
Company number 4971133



ROYAL DRAWING SCHOOL

THE ROYAL DRAWING SCHOOL

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



THE ROYAL DRAWING SCHOOL

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THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 AUGUST 2022

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

REFERENCE AND ADMINISTRATIVE DETAILS

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

Founding Royal Patron HM King Charles III

Trustees

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

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

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

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

THE ROYAL DRAWING SCHOOL

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

OBJECTIVES AND ACTIVITIES

Purposes and aims

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

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

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

Ensuring our work delivers our aims

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

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

The focus of our work

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

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

THE ROYAL DRAWING SCHOOL

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

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

STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

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

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

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

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

THE ROYAL DRAWING SCHOOL

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

WHO USED AND BENEFITED FROM OUR ACTIVITIES?

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

Drawing Year 2020/21 Cohort

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

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

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

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

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

Drawing Year 2021/22

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

THE ROYAL DRAWING SCHOOL

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

Bursaries and Student Support

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

Student recruitment

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

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

Public Courses: In-Person

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

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

THE ROYAL DRAWING SCHOOL

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

Online Drawing Programme

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

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

The Young Artists Programme (2021 – 2022)

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

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

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

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

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

STRATEGIC REPORT – FINANCIAL REVIEW

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

THE ROYAL DRAWING SCHOOL

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

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

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

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

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

Fundraising approach and performance

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

Policy on reserves

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

THE ROYAL DRAWING SCHOOL

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

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

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

Investment policy and performance

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

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

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

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

STRATEGIC REPORT - PLANS FOR FUTURE YEARS

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

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

THE ROYAL DRAWING SCHOOL

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

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

Governance and Management

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

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

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

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

THE ROYAL DRAWING SCHOOL

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

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

Committees

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

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

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

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

THE ROYAL DRAWING SCHOOL

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

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

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

Dr. Xavier Bray

Rachel Campbell Johnston

Rachel Jones

Sydney Picasso

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

Howard Marks (Chair of the Investment Committee)

Evy Hambro

Francesco Goedhuis

Stuart Roden

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

STRATEGIC REPORT - RISK MANAGEMENT

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

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

THE ROYAL DRAWING SCHOOL

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

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

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that year. In preparing those financial statements, the trustees are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

THE ROYAL DRAWING SCHOOL

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

AUDITORS

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

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



.....
Nicholas Vetch
Trustee

.....
Date: 14/03/2023
.....

THE ROYAL DRAWING SCHOOL

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

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

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

THE ROYAL DRAWING SCHOOL

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

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

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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

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

THE ROYAL DRAWING SCHOOL

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

R. Weaver

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

10 Queen Street Place
London
EC4R 1AG

Date: 15/03/2023

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

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

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

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

The Royal Drawing School
Balance sheet
As at 31 August 2022

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

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

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



Nicholas Vetch
Trustee

Company number: 4971133

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

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

Note A - reconciliation from SOFA to cash

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

1 Accounting policies

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

1.01 Accounting convention

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

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

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

1.02 Going Concern

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

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

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

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

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

1.03 Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.04 Income recognition

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

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

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

1.05 Interest receivable

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

1 Accounting policies (continued)

1.06 Expenditure

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

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

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

1.07 Allocation of support costs

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

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

1.08 Operating leases

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

1.09 Foreign currency transactions

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

1.10 Tangible fixed assets

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

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

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

1.11 Investments

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

1.12 Debtors

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

1 Accounting policies (continued)

1.13 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 Creditors and provisions

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

1.15 Pensions

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

1.16 Fund accounting

The School maintains five types of fund:

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

1.17 Estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately differ from those estimates.

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

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

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

2 Income

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

3 Expenditure

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

4 Other direct costs and support costs

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

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

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

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

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

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

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

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

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

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

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

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

7 Tangible fixed assets

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

All of the above assets are used for charitable purposes.

8 Investments

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

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

8 Investments (continued)

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

8 Investments (continued)

Permanent endowment funds: Total Return Accounting

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

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

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

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

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

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

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

11 Movement on funds (continued)

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

11 Movement on funds (continued)

Designated Property Fund

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

Designated Digital Fund

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

Artist On Film

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

Drawing Year Fund

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

Young Artists Programme

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

Artists Residencies

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

Foundation Year Fund

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

Denis Mahon

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

Alumni & DH

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

Public Programme General

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

Scholarship and general restricted

Funds restricted to supporting scholarship and other activities of the School

Building Works Fund

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

11 Movement on funds (continued)

Endowment Funds

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

12 Analysis of net assets between funds

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

13 Pensions

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

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

14 Taxation

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

15 Related parties

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

16 Financial commitments

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

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