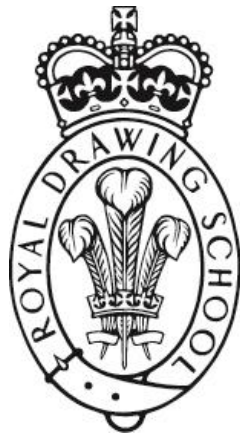


Company number 4971133



ROYAL
DRAWING
SCHOOL

THE ROYAL DRAWING SCHOOL

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

THE ROYAL DRAWING SCHOOL

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



THE ROYAL DRAWING SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2023

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

REFERENCE AND ADMINISTRATIVE DETAILS

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

Trustees who served during the year:

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

**THE ROYAL DRAWING SCHOOL
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Senior Management Team

Catherine Goodman
Julia Balchin

Founding Artistic Director
Principal

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

OBJECTIVES AND ACTIVITIES

Purposes and aims

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

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

Ensuring our work delivers our aims

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

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

The focus of our work

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

**THE ROYAL DRAWING SCHOOL
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The main activities towards meeting this objective were:

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

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

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

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

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

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

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

Residencies

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

STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

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

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

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

**THE ROYAL DRAWING SCHOOL
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The Drawing Year 2021/22

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

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

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

Bursaries and Student Support

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

Student recruitment

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

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

EQUITY, DIVERSITY, AND INCLUSION

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

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

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

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

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

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

ANNUAL REVIEW

Public Courses: In-Person

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

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

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

Online Drawing Programme

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

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

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

The Young Artists Programme (2022 - 2023)

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

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

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

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

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

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

STRATEGIC REPORT - FINANCIAL REVIEW

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

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

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

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

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

Our income comprised of:

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

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

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

Fundraising approach and performance

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

Policy on reserves

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

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

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

Investment policy and performance

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

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

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

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

STRATEGIC REPORT - PLANS FOR FUTURE YEARS

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

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

Governance and Management

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

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

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

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

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

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Committees

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

Nicholas Vetch (Chair of the Finance and Audit Committee)

Fope Adelowo (Trustee)

David Macmillan (Trustee)

Matthew Rice (Trustee)

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

Catherine Goodman (Founding Artistic Director)

Julia Balchin (Principal)

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

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

Sir Charles Saumarez Smith (Chair of the Academic Board)

Julian Bell

Mark Cazalet

Professor Ewan Clayton

Constanza Dessain

Liza Dimpleby

William Feaver

Richard Ikhide

Catherine Goodman (Founding Artistic Director)

Professor Eileen Hogan (Trustee)

Timothy Hyman RA

Kathryn Maple

Harry Parker (Deputy Director, Director of Education)

**THE ROYAL DRAWING SCHOOL
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Lindsay Sekulowicz

Martin Shortis

Dr. Claudia Tobin

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

Dr. Xavier Bray (Chair)

Rachel Campbell Johnston

Sydney Picasso

Thomas Dane

Bharti Kher

Rosa Loy

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

Howard Marks (Chair of the Investment Committee)

Evy Hambro

Fope Adelowo

Francesco Goedhuis

Stuart Roden

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

STRATEGIC REPORT- RISK MANAGEMENT

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

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

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

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

A handwritten signature in black ink, appearing to read 'N. Vetch', with a stylized, flowing script.

Nick Vetch
Date: 13th March 2024

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

Opinion

We have audited the financial statements of The Royal Drawing School for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

**THE ROYAL DRAWING SCHOOL
AUDIT REPORT
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does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to

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

going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Use of our report

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



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

10 Queen Street Place
London
EC4R 1AG

Date: 20 March 2024

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

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

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

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

The Royal Drawing School
Balance sheet
As at 31 August 2023

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

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

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



Nicholas Vetch
Trustee

Company number: 4971133

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

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

Note A - reconciliation from SOFA to cash

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

1 Accounting policies

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

1.01 Accounting convention

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

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

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

1.02 Going Concern

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

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

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

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

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

1.03 Financial Instruments

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

1.04 Income recognition

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

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

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

1.05 Interest receivable

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

1 Accounting policies (continued)

1.06 Expenditure

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

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

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

1.07 Allocation of support costs

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

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

1.08 Operating leases

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

1.09 Foreign currency transactions

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

1.10 Tangible fixed assets

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

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

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

1.11 Investments

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

1.12 Debtors

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

1 Accounting policies (continued)

1.13 Cash at bank and in hand

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

1.14 Creditors and provisions

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

1.15 Pensions

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

1.16 Fund accounting

The School maintains five types of fund:

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

1.17 Estimates and judgements

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

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

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

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

2 Income

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

3 Expenditure

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

4 Other direct costs and support costs

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

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

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

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

	31-Aug-23 Number	31-Aug-22 Number
£70,000 - £79,999	-	1
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1
£100,000 - £109,999	-	-
	£	£
	12,606	18,125

Pension costs for higher paid staff were:

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

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

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

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

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

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

7 Tangible fixed assets

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

All of the above assets are used for charitable purposes.

8 Investments

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

8 Investments (continued)

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

8 Investments (continued)

Permanent endowment funds: Total Return Accounting

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

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

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

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

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

9 Debtors

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

10 Creditors: amounts falling due within one year

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

11 Movement on funds

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

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

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

11 Movement on funds (continued)

Designated Property Fund

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

Designated Digital Fund

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

Designated London Living Grant Fund

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

Artist On Film

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

Windrush

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

Drawing Year Fund

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

Young Artists Programme

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

Artists Residencies

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

Foundation Year Fund

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

Denis Mahon

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

Alumni & DH

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

Public Programme General

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

Scholarship and general restricted

Funds restricted to supporting scholarship and other activities of the School

Building Works Fund

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

11 Movement on funds (continued)

Endowment Funds

Current Year

	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Balance brought forward at 1 September 2022	6,797,529	7,112,340	13,909,869
Endowment capital received			
Howard & Nancy Marks			-
Dividends and interest received net of expenses	(42,733)	5,243	(37,490)
	6,754,796	7,117,583	13,872,379
Change in market value of investments	147,516	199,831	347,347
Transfer from General Fund (note 11)	-	-	-
Total return applied	(440,000)	-	(440,000)
Balance carried forward at 31 August 2023	6,462,312	7,317,414	13,779,726

Represented by:

Fixed Asset Investments	6,029,643	7,067,653	13,097,296
Cash	432,669	249,761	682,430
	6,462,312	7,317,414	13,779,726

Prior Year

	Permanent Endowments £	Expendable Endowments £	Total Endowments £
Balance brought forward at 1 September 2021	7,358,106	7,780,394	15,138,500
Endowment capital received			
Howard & Nancy Marks	-	-	-
Dividends and interest received net of expenses	(3,380)	-	(3,380)
	7,354,726	7,780,394	15,135,120
Change in market value of investments	(197,197)	(668,054)	(865,251)
Transfer to General Fund (note 11)	-	-	-
Total return applied	(360,000)	-	(360,000)
Balance carried forward at 31 August 2022	6,797,529	7,112,340	13,909,869

Represented by:

Fixed Asset Investments	6,797,529	6,547,985	13,345,514
Cash	-	564,355	564,355
	6,797,529	7,112,340	13,909,869

12 Analysis of net assets between funds

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

13 Pensions

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

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

14 Taxation

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

15 Related parties

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

At the year end the balance included in creditors was £440.

16 Financial commitments

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

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