THE ROYAL ACADEMY OF ARTS

England & Wales · Charity number 1125383

Details

Status	Registered
Legal form	Charitable company
Company number	06298947
Registered	2008-08-06
Register	View on the Charity Commission register

Contact

Address	Burlington House Piccadilly London W1J 0BD
Phone	02073008017
Email	press.office@royalacademy.org.uk
Website	www.royalacademy.org.uk

Activities

Objects: 1. THE PROMOTION OF THE ARTS OF DESIGN.2. THE EDUCATION OF THE PUBLIC IN THE CREATION, ENJOYMENT, APPRECIATION AND UNDERSTANDING OF THE ARTS, THROUGH EXHIBITIONS, EDUCATIONAL PROGRAMMES AND DEBATE BY ALL CHARITABLE MEANS AS THE MEMBERS OF COUNCIL MAY THINK FIT.

Activities: On 1 September 2009, all the assets, net liabilities and undertakings of the Royal Academy of Arts, charity number 212798, were transfered to The Royal Academy of Arts, charity number 1125383, company number 6298947.From 1 September 2009 therefore, the activities of The Royal Academy of Arts, charity number 1125383, are the promotion of Arts of Design through exhibitions and education.

Classification

- **How:** Makes Grants To Individuals, Provides Buildings/facilities/open Space
- **What:** Education/training, The Prevention Or Relief Of Poverty, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Downloaded from opencharities.uk/ew/1125383

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	£38,106,000	£46,604,000	£109,577,000	334
2023-08-31	£43,830,000	£36,669,000	£118,590,000	320
2022-08-31	£43,383,560	£33,183,952	£113,503,294	303
2021-08-31	£36,728,751	£30,810,113	£105,488,864	312
2020-08-31	£45,324,508	£37,784,073	£97,451,455	371

Trustees

Name	Role	Appointed
Alice Black		2025-10-01
Alistair Summers		2024-10-01
Anne Desmet RA		2024-10-01
Anthony Lewis Cohen		2023-10-01
Clare Woods		2025-10-01
Fiona Banner RA		2023-10-01
Gillian Wearing RA		2024-10-01
Katherine Fiona Jones RA		2024-10-01
Maria Lisogorskaya		2025-10-01
Michael Landy		2025-10-01
Professor Farshid Moussavi		2025-10-01
Rebecca Salter PRA		2019-12-10
Roger Hiorns		2025-10-01
Ryan Gander RA		2024-10-01
Vanessa Jackson RA		2024-10-01
Wolfgang Tillmans		2025-10-01

Downloaded from opencharities.uk/ew/1125383

Linked charities

- ROYAL ACADEMY OF ARTS (1125383-1)
- BENEFACTORS FUND (1125383-10)
- COUSINS FUND (1125383-11)
- WILLIAM HILTON FUND (1125383-12)
- ALMA TADEMA SCHOLARSHIP (1125383-13)
- HERBERT BAKER BEQUEST (1125383-14)
- EDWARD WILLIAM COOKE BEQUEST (1125383-15)
- MARGARET LOUISE BAND FUND (1125383-16)
- HAITE FUND (1125383-17)
- MISS S I V COOKE AWARD (1125383-18)
- DUFF GREET FUND (1125383-19)
- RICHARD JACK PRIZES (1125383-2)
- SANDBY FUND (1125383-20)
- CATHERINE ADELINE SPARKES FUND (1125383-21)
- HARRISON-WEIR FUND (1125383-22)
- FRED ELWELL FUND (1125383-23)
- A F GRACE FUND (1125383-24)
- RICHARD FORD AWARD FUND (1125383-25)
- HUGH DE TWENEBROKES GLAZEBROOK FUND (1125383-26)
- DAVID MURRAY STUDENTSHIP FUND (1125383-27)
- LEVERHULME SCHOLARSHIP FUND (1125383-28)
- ARTHUR HACKER FUND (1125383-29)
- VINCENT HARRIS PRIZE FOR MURAL PAINTING (1125383-3)
- E V HARRIS'S GIFT (1125383-30)
- ERIC KENNINGTON FUND (1125383-31)
- JOHN CROMPTON FUND (1125383-32)
- LEIGHTON FUND (1125383-33)
- MISS DOROTHY M MORGAN FUND (1125383-34)
- MRS AILEEN O'DONNELL PEET PRIZE (1125383-35)
- HENRIETTA MAY POYNTER BEQUEST (1125383-36)
- REDGRAVE FUND (1125383-37)
- NORMAN SHAW FUND (1125383-38)
- G A STOREY FUND (1125383-39)
- SYDNEY LEE FUND (1125383-4)

Downloaded from opencharities.uk/ew/1125383

- CHARLES WOLLASTON AWARD FUND (1125383-40)
- GOLDHILL AWARD (1125383-41)
- GEORGE FRAMPTON FUND FOR THE ENCOURAGEMENT OF THE HIGHEST FORM OF THE ART OF SCULPTURE (1125383-42)
- ROYAL ACADEMY TRUST (1125383-43)
- SIR FRANK AND LADY SHORT FUND (1125383-44)
- S J SOLOMAN FUND (1125383-45)
- EDWARD STOTT FUND (1125383-46)
- VANDELEUR SCHOLARSHIPS FOR STUDENTS (1125383-47)
- WILLIAM JOSEPH EDWARDS (1125383-48)
- ANNIE HUGILL BEQUEST (1125383-49)
- AITCHISON FUND (1125383-5)
- NEWTON'S BEQUEST (1125383-50)
- LANDSEER SCHOLARSHIPS (1125383-51)
- BIZO FUND (1125383-52)
- COOKE FUND (1125383-53)
- J H LORIMER FUND (1125383-54)
- TURNER FUND (1125383-55)
- EXCHANGE OF STUDENTS FUND (1125383-56)
- BIRD'S CHARITY (1125383-57)
- EDWARD AUSTIN ABBEY MEMORIAL TRUST FUND FOR MURAL PAINTINGS IN GREAT BRITIAN (1125383-58)
- ABBEY MEMORIAL MANAGEMENT FUNDS (1125383-59)
- VICTORIA LEVIN FUND (1125383-6)
- BOWLER FUND OR BOWLER PENSION (1125383-7)
- CRESWICK FUND (1125383-8)
- ARMITAGE FUND (1125383-9)

Downloaded from opencharities.uk/ew/1125383

THE ROYAL ACADEMY OF ARTS

England & Wales - Charity number 1125383

Accounts

THE ROYAL ACADEMY OF ARTS

(A Company Limited by Guarantee)

Registered Charity No. 1125383
Registered Company No. 06298947

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2024

The Royal Academy of Arts
Trustees' Report
For the year ended 31 August 2024

PATRON
His Majesty King Charles III

PRESIDENT AND COUNCIL:
In the financial year and at the date of signing:

President
Rebecca Salter PRA

Council
Sir John Akomfrah CBE RA (resigned 30 September 2023)
Ron Arad RA (appointed 1 October 2024)
Michael Armitage RA Elect (appointed 1 October 2023; resigned 30 September 2024)
Fiona Banner RA (appointed 1 October 2023)
His Honour Judge Tony Baumgartner
Helen Boaden (resigned 30 September 2023)
Rana Begum RA (appointed 1 October 2024; resigned 28 November 2024)
Prof Sonia Boyce OBE RA (resigned 17 July 2024)
Nigel Coates RA Elect (appointed 1 October 2023; resigned 30 September 2024)
Tony Cohen (appointed 1 October 2023)
Richard Deacon RA (resigned 30 September 2023)
Anne Desmet RA (appointed 1 October 2024)
Dame Tracey Emin DBE RA (appointed 1 October 2023)
Simon Friend (resigned 30 September 2024)
Ryan Gander OBE RA (appointed 1 October 2024)
Thomas Heatherwick CBE RA (resigned 30 September 2023)
Gary Hume RA (resigned 30 September 2024)
Vanessa Jackson RA (appointed 1 October 2024)
Katherine Jones RA (appointed 1 October 2024)
Cornelia Parker CBE RA (resigned 30 September 2024)
Eric Parry RA (resigned 30 September 2024)
Sir Grayson Perry CBE RA (resigned 30 September 2023)
Fiona Rae RA (appointed 1 October 2023)
Conrad Shawcross RA (appointed 1 October 2023)
Bob and Roberta Smith OBE RA (resigned 30 September 2024)
Emma Stibbon RA
Alistair Summers (appointed 1 October 2024)
Gillian Wearing OBE RA (appointed 1 October 2024)
Alison Wilding OBE RA (resigned 30 September 2023)
Louise Wilson (Jane and Louise Wilson RA)

Officers

Rebecca Salter PRA	President
Prof Cathie Pilkington RA	Keeper
Prof Peter St John (Adam Caruso and Peter St John RA)	Treasurer
Axel Rüger (resigned 31 October 2024)	Secretary and Chief Executive
Natasha Mitchell (appointed 1 November 2024)	Secretary and Chief Executive (Interim)

Company Secretary

Benedict Anstey	General Counsel

Senior Leadership Team

Charlotte Appleyard	Director of Development & Business Innovation
Eliza Bonham Carter	Curator and Director, RA Schools
Carl Hitchcock	Director of Finance
Rebecca Lyons	Director of Collections & Learning
Natasha Mitchell	Director of Corporate Services (to 31 October 2024)
Jo Prosser	Director of Audience & Experience
Andrea Tarsia	Director of Exhibitions

Royal Academy Committees

at the date of signing[1]:

Finance and Performance Committee Treasurer *ex officio* (Chair) Roger Hiorns RA Elect Maria Lisogorskaya, Assemble RA Andrea O'Keeffe Alistair Summers Sally Tennant OBE Paul Venables	**Exhibitions and Displays Committee** Stephen Chambers RA (Chair) Prof Josephine Dawn Ades CBE FBA Sir John Akomfrah CBE RA Anne Desmet RA Hew Locke OBE RA Prof Dorothy Price President *ex officio* Treasurer *ex officio* Keeper *ex officio* Secretary and Chief Executive
Secretary to the Committee: Carl Hitchcock (Director of Finance)	*Secretary to the Committee: Andrea Tarsia (Director of Exhibitions)*
Audit and Risk Committee Alistair Summers (Chair) John Collier Spencer de Grey CBE RA Anne Desmet RA Pesh Framjee Ryan Gander OBE RA Elle Todd	**People and Remuneration Committee** Tony Cohen (Chair) Caroline Anderson Kerstin Mogull Eric Parry RA Clare Woods RA
Secretary to the Committee: Carl Hitchcock (Director of Finance)	*Secretary to the Committee: Natasha Mitchell (Secretary and Chief Executive (interim))*

[1] Other committees of Council not detailed here are: Annual Dinner Committee and Summer Exhibition Committee.

Royal Academy Committees (continued)
at the date of signing:

RA Schools Committee Louise Wilson (Jane and Louise Wilson RA) (Chair) President Keeper Secretary and Chief Executive Sara Doherty (Academic Registrar) Adham Faramawy Margarita Gluzberg Mark Hampson Rebecca Lyons (Director of Collections and Learning) James Sibley Lady Ina Sarikhani Weston	
Secretary to the Committee: Eliza Bonham Carter (Curator and Director, RA Schools)	

Professional Advisers:

Auditors: Moore Kingston Smith LLP, 6th Floor, 9 Appold Street, London, EC2A 2AP	Investment Managers: Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU
Bankers: Lloyd Bank Plc, 4th Floor, 25 Gresham Street, London, EC2R 8LA	Solicitors: Macfarlanes LLP, 20 Cursitor Street, London, EC4A 1LT Withers LLP, 16 Old Bailey, London, EC4M 7EG

Registered Office:
Burlington House, Piccadilly, London, W1J 0BD

Registered Charity No. 1125383
Registered Company No. 06298947

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

The Royal Academy of Arts ("Royal Academy" or "RA" or "Academy") was incorporated as a company limited by guarantee on 2 July 2007, company registration number 06298947, and registered as a charity on 6 August 2008, charity registration number 1125383.

The incorporated Royal Academy commenced trading on 1 September 2009 following the transfer of the net assets and undertakings from the unincorporated Royal Academy, charity registration number 212798.

The Royal Academy today continues to aspire, in the words of its 18th century founders, to "promote the arts of design". It believes in learning through first-hand experience of the arts and is unique in its combination of practical work, exhibitions, and learning programmes.

Royal Academicians are painters, sculptors, architects, engravers, printmakers, and draughters elected by their peers for their distinction as artists. There are up to 100 Academicians (under the age of 75) and a number of Senior Academicians (over the age of 75). Royal Academicians and Senior Academicians constitute the membership of the RA as a company and charity.

The Royal Academy receives no direct revenue support from the government or any other public body.

The Royal Academy's charitable objects are:

- The promotion of the arts of design.
- The education of the public in the creation, enjoyment, appreciation, and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

Governance and management

Council

The Royal Academy is governed by its Board of Directors or Trustees, who are referred to as the Council of the Royal Academy. Council consists of thirteen Academicians, up to three individuals who are not Academicians, and the President.

- Six seats in Council go by rotation/succession to all the Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Three seats in Council go to newly elected Academicians. These individuals serve on Council for one year and may be re-elected for two further terms of two years.
- Four seats in Council are elected by the General Assembly from all serving Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Up to three "external" (non-Academician) members of Council are chosen and recommended by Council and approved by the General Assembly. These individuals serve on Council for two years and may be re-elected for two further terms of two years.

The President is the Chair of Council. The President has no vote at Council unless the votes are equal, in which case the President has the casting vote. The Keeper, the Treasurer and the Secretary and Chief Executive attend Council but are not members of Council.

Council normally meets at least six times a year.

General Assembly

Royal Academicians and Senior Academicians meet collectively in General Assembly. There are at least two General Assemblies annually. Additional General Assemblies may be held in accordance with the Laws.

The responsibilities of General Assembly include:

- Election of the three Academician Officers: The President, the Keeper, and the Treasurer and approval of the appointment of the Secretary and Chief Executive.
- Approval of changes in the Laws.
- Election of two Academicians to Council each year.
- Approval of certain appointments made by Council, including external members of Council.
- Election of Academician members of the Audit and Risk Committee.
- Approval of the appointment of auditors and receiving a report on the Annual Report and Consolidated Financial Statements each year.
- Election of Professorships and other honorary positions.
- Consideration of matters relating to members' affairs.

Officers

The Officers of the Royal Academy are the President, the Keeper, the Treasurer, and the Secretary and Chief Executive.

The President:

- Acts as the formal representative of the RA to the outside world.
- Chairs General Assembly, Council and Committees of Council where appropriate.
- Works closely with the Secretary and Chief Executive to ensure that all aspects of the stewardship of the RA as determined by Council are executed through the Secretary and Chief Executive, by the Senior Leadership Team and staff.

The Keeper:

- Acts as the formal representative of the RA Schools to the outside world, General Assembly and Council.
- Works closely with the Chair of the RA Schools Committee and the Curator and Director, RA Schools, to ensure that the stewardship and academic performance of the RA Schools are maintained to the appropriate standards.
- Represents the Academicians in their dealings with the RA Schools.

The Treasurer:

- Acts as the formal representative of the Academicians on all matters concerning finance.
- Chairs the Finance and Performance Committee and reports to Council on the Finance and Performance Committee's work.
- Attends and advises on relevant Committees of Council where significant matters of finance are being discussed.
- Advises and supports the President in the President's duties when called upon to do so.

The Secretary and Chief Executive:

- Acts in the accepted and generally understood role of Secretary and Chief Executive, both within the RA and externally.
- Is responsible for the strategic, cultural, and business aspects of the organisation and the administration.
- Advises the President and Council on proposed strategies or changes in strategy to realise Council's objectives.

Senior Leadership Team

The Senior Leadership Team ("SLT") comprises seven senior members of staff (directors) and is led by the Secretary and Chief Executive. The SLT is responsible for implementing policies and strategies approved by Council.

Committees

The Finance and Performance Committee is responsible to Council for overseeing and scrutinising the financial integrity and performance of the Royal Academy. The Committee's specific duties span the following areas: financial planning, management, and controls; investments; borrowings; major projects and estates strategy; commercial and audience strategies; remuneration and pensions; and organisational performance. The Committee usually meets at least four times a year.

The Exhibitions and Displays Committee is responsible to Council for overseeing the programming and development of the RA's activities in its exhibitions and displays. The Committee reviews the RA's exhibitions strategy and satisfies itself that the programmes have artistic and educational coherence and reflect the aims, aspirations, and charitable objects of the RA. The Committee usually meets at least four times a year.

The Audit and Risk Committee is responsible to both General Assembly and Council. The Committee provides assurance that there is an effective framework in place for risk management and internal controls assurance, including internal and external audit. The Committee also oversees the preparation and review of the RA's Annual Report and Consolidated Financial Statements. The Committee usually meets at least three times a year.

The People and Remuneration Committee is responsible to Council for overseeing the broad remuneration policy of the RA (including pensions and redundancy) and specifically the remuneration of the Secretary and Chief Executive, SLT and the stipends of the Officers. The Committee is further responsible to Council for considering and making recommendations on significant policies and matters relating to RA staff and overarching people strategy/priorities. The Committee usually meets at least three times a year.

The RA Schools Committee is responsible to Council for overseeing the care, management and development of the RA Schools and their students. The Committee usually meets at least three times a year.

Trading subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited (company no. 1666333), Burlington House Limited (company no. 2216104), and RA (Arts) Limited (company no. 2836364). Although these are separate legal entities, they are regarded as part of the Royal Academy group and are included in the consolidated financial statements.

Connected charities

The Royal Academy Trust, set up in 1981 to provide funds for the support of the Royal Academy, is separately registered as a charity with its own trustees (charity no. 1067270). As it is not controlled by the Royal Academy, its resources have not been consolidated with those of the Royal Academy.

The Friends of the Royal Academy, a separate charity with its own trustees, was incorporated as a company limited by guarantee in December 1976 to support the work of the Royal Academy (charity no. 272926, company no. 1291535). As with the Royal Academy Trust, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Trustees' duties in relation to Section 172 of the Companies Act 2006

Members of Council, as directors of the Royal Academy, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the organisation, and in doing so have regard (amongst other matters) to:

- The likely consequences of any long-term decision.
- The interests of the organisation's employees.
- The need to foster the organisation's business relationships with suppliers, customers, and others.
- The impact of the organisation's operations on the community and the environment.
- The desirability of the organisation to maintain a reputation for high standards of business conduct.

This report summarises above the Royal Academy's governance framework. The Royal Academy's values and behaviours and how it has engaged with stakeholders throughout the year are considered further in this report. Council has considered the views and needs of key stakeholders in Council discussions and decision making. The following are not intended to be an exhaustive list but are illustrative of how Council has fulfilled its duties throughout the year.

Decision making

New Council members receive a compulsory, comprehensive induction session before the first (October) Council meeting of the financial year, conducted by the RA's President, General Counsel and Company Secretary, Secretary and Chief Executive, Director of Finance and Director of Corporate Services, together with an external specialist charity lawyer. The induction includes key information on organisation finances and strategy, live issues requiring Council consideration, and an explanation of Council roles and responsibilities, including in relation to safeguarding.

Council also receives a detailed "induction pack" of documents and ongoing training. This includes:

- Guidance on trustees' roles and duties.
- A specific Code of Conduct for Council members.
- A copy of the Royal Academy's constitutional documents (Memorandum and Articles of Association and RA Laws), together with the Administrative Instructions, which describe the administrative structure of the Royal Academy and provide guidance as to its processes of management and administration.
- Annual reports and financial management reports.
- Minutes of previous meetings.
- Relevant RA policies and procedures (including safeguarding).
- The Charity Governance Code (for larger charities).

The Secretary and Chief Executive, together with the SLT, have delegated authority for the day-to-day running of the Royal Academy, and are accountable to Council for this. At each meeting, Council receives reports from the President and Secretary and Chief Executive, assessing organisation impact, financial performance and updating on key operational and strategic issues.

Council, Committees, and the SLT keep principal organisational risks under review. For further details on our risk management framework and principal risks and uncertainties please refer to pages 37 - 38.

Stakeholder engagement

Staff and volunteers

The Royal Academy's staff, together with its casual workers and volunteers, are central to its ability to deliver its charitable mission. The Royal Academy has a clear set of values linked to its mission and is committed to being an inclusive, diverse, and flexible employer. The Royal Academy works to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability, or any other protected characteristics. Further information on gender pay and reporting, diversity and inclusion and disability and wellbeing is provided in other sections of this report. The Royal Academy will continue its work on inclusion and racial equity across all aspects of the RA and is mindful of the ways that it can rebuild its programmes and the organisation to make every visitor feel welcome, and to create a more equitable workplace and place of study.

Business relationships with suppliers, customers, and others

The delivery of the Royal Academy's charitable aims and objectives is dependent on a range of relationships with suppliers and other business partners. Council has encouraged the SLT and wider management to develop and maintain trusted partnerships with both and expects the Royal Academy's partners to be aligned with its values.

The Royal Academy seeks to act with honesty and integrity in all it does to deliver the best value for money in our mission to "promote creativity and the practices of art and architecture; and engage the widest possible public with the creation, enjoyment and understanding of the arts through exhibitions, learning and the exchange of ideas". Partner organisations are expected to comply with the requirements of any professional standards, or trade bodies, depending on their activities, and all applicable laws, statutes, regulations, and codes of practice relating to anti-bribery and anti-corruption.

The Royal Academy is committed to acting ethically and with integrity in all our business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our business or in any of our supply chains. The RA is committed to continually raising its standards and practices in assessing and monitoring those that work with us and those that work for us. The RA expects the same high standards from all our staff, contractors, suppliers, and other business partners in any capacity. To this end, the RA carries out due diligence on suppliers and implements contractual commitments, entitling the RA to terminate a contract where requirements are not met. The RA's latest statement on Modern Slavery and Human Trafficking, including the steps the RA is taking to ensure modern slavery is not taking place in its business or supply chains, can be found at: royalacademy.org.uk/modern-slavery-and-human-trafficking-statement.

Sustainability and environmental impact

The Royal Academy recognises that the climate emergency is a critical issue of our time. Reducing the environmental impact of our activities is a key priority for the organisation. It is part of the RA's 2023-28 Strategic Plan to *"reduce our impact on the planet and develop a strategy to deliver a net-zero carbon footprint and an environmental certification*".

This year, we have been working to further understand the RA's carbon footprint more precisely through its "scope 1" (direct emissions) and "scope 2" (purchased energy) carbon emissions (as defined under the Greenhouse Gas Protocol). We completed an external energy and emissions review, with a final report being delivered in February 2024. We also commissioned a detailed energy audit, in accordance with the Energy Savings Opportunity Scheme ("ESOS") (phase 3) (report submitted in August 2024). This work has established that the RA's buildings at Burlington House and 6 Burlington Gardens are responsible for almost all the RA's energy use and greenhouse gas emissions, and that the most significant energy demand comes from the requirement for conditioning the galleries.

The audit and the report have Identified several "energy saving opportunities", ranging from routine maintenance items to more involved projects such as upgrading air-conditioning systems. Relevant RA teams will work, with external support, to further assess the opportunities and implement an action plan, and report on this as part of the ESOS.

Streamlined Energy and Carbon Reporting (SECR)

This information is provided in line with Streamlined Energy and Carbon Reporting ("SECR") requirements and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies (Directors' Report) and Limited Liability Partnerships (energy and Carbon Report) Regulations 2018.

The RA's total Greenhouse Gas (GHG) emissions (tonnes of CO2) and energy consumption (kilowatt-hours) for the 2023/24 financial year are set out below. This report includes energy usage at the RA's main site at

Burlington House and 6 Burlington Gardens, together with warehouse properties (some of these were occupied for part of the relevant periods only). Also included are emissions from company owned vehicles for business use, together with estimated emissions from fluorinated gases (F-Gas) from chillers.

Emissions have been assessed by applying the appropriate 2023 and 2024 UK Government GHG conversion factors. The RA is required to express its GHG emissions in the form of an "intensity ratio" metric. For this purpose, the RA has chosen kilogrammes of CO2e per m2 of floorspace, based on total area of 18,365 m2.

In the financial year 2023/24, the RA used at least 50% renewable electricity, split 44% from renewable sources and 6% nuclear. In addition to the mandatory, "location-based" measure, which is based on the carbon intensity of the local power grid, we therefore have added a market-based measure for this year, which shows a lower measure of tCO2e for electrical emissions, reflecting this use of renewable electricity.

Streamlined Energy and Carbon Reporting (SECR) for 2019/20 to 2023/24 financial years:

	Measure	2023/24	2022/23	2021/22	2020/21	2019/20
Greenhouse Gas emissions (tCO2e)	Scope 2 (electricity)	778	873	859	985	999
	Scope 1 (gas, fleet mileage, F-Gas)	729	733	636	834	669
	Total (Location-based) emissions	1,507	1,606	1,495	1,819	1,668
	Renewable electricity					
	Total (market-based) emissions	1,118				
	kgCO2e/m² (location-based)	*82*	*89*	*81*	*98*	*90*
	kgCO2e/m² (market-based)	*61*	*N/A*	*N/A*	*N/A*	*N/A*
Energy consumption (kWh)	Scope 2 (electricity)		4,430,675	4,144,798	4,303,791	3,998,283
	Scope 1 (gas, fleet mileage)		3,851,212	3,442,414	4,525,320	3,635,287
	Total		8,281,887	7,587,212	8,829,111	7,633,570
	kWh/m²		*451*	*413*	*481*	*416*

We continue to offset emissions from our consumption of gas, investing in a project which is focused on energy efficiency and solid waste diversion within the Province of Quebec. The project is accredited under the Verified Carbon Standard. The credits equate to 700 tCO2e and apply to a one year period beginning 1 October 2023, which is in line with the periods of the RA's energy supply contracts.

We have also made significant improvements to the building fabric and insulation of the RA Schools premises within Burlington House as part of the completed refurbishment project.

Suppliers

We have introduced sustainability commitments into major contracts (such as facilities management). We have also started carrying out sustainability due diligence with key suppliers, gathering information on their greenhouse gas emissions and energy use, their policies and plans and "net zero" targets.

Waste management

Over the last four years, the RA has been committed to "zero landfill" and in September 2022 we re-tendered the waste management contract to reduce the level of waste sent to incinerators due to concerns regarding the

carbon emissions from this process. The table below provides waste data over the last four years. The significantly lower levels of waste in 2021 reflects long periods of closure during the pandemic.

Royal Academy of Arts waste report:

	2021	2022	2023	2024*	% change 2024 vs 2023
Landfill (Tonnes)	0	0	0	0	0%
Recycled (Tonnes)	29	142	285	274	-4%
Energy from waste (Tonnes)	110	42	28	28	0%
Cost (£)	£ 29,926	£ 45,392	£ 69,429	£ 68,240	0%

* Year to 30 September 2024. Comparative figures are based on calendar years.

Roadmap to Carbon Net Zero

Building on the improved understanding of the RA's carbon footprint ("scope 1" and "scope 2" emissions), we will develop targeted actions to reduce these and are considering the following opportunities.

- Upgrade data management and reporting processes.
- Fully review and optimise BMS HVAC controls.
- Review and optimise the DHW control temperatures and schedule.
- Upgrade the kitchen extractor controls.
- Review the inclusion of an energy management system aligned or certified to ISO50001.

We will also more fully establish "scope 3" emissions (indirect emissions in upstream and downstream activities) and then develop a detailed roadmap for delivering an overall net zero target.

Responsible investment

The Royal Academy recognises the importance of being guided by strong ethical principles and ensuring that our values are embedded in our plans and actions. As part of these guiding principles, the RA is committed to investing its funds on a socially responsible basis. In June 2021, Council approved the RA's Ethical Investment Policy and in October 2022 approved the updated and renamed Responsible Investment Policy ("the Policy"). The Policy is now reviewed annually and is published on the Royal Academy's website, with last year's update including reference to the values set out in the Royal Academy's 2023-2028 Strategic Plan. This states that *"in everything we do and everyone we engage with we are guided by a strong ethical compass. We take our responsibility towards the environment, social justice, and proper governance very seriously. In our work we meet fundamental principles in the areas of human rights, labour, the environment, and anti-corruption."* It has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the RA values of strong ethical principles. The Policy applies to the full scope of the investments held by the RA. The RA believes that to accord with its values when investing its funds, regard must be had to Environmental, Social and Governance ("ESG") issues. The Finance and Performance Committee monitors the operation and the effectiveness of the Policy and provides Council with an annual update in December each year.

Corporate Governance

The Royal Academy and its trustees (Council) take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

The Royal Academy regularly reviews its governance structure and processes, including commissioning external reviews in 2016 and 2020, as well as the introduction of a new committee structure with effect from 1 September 2022, with new terms of reference. These reviews have included assessment against the seven principles of the Charity Governance Code. Some improvements made relevant to these reviews include:

- Improved, mandatory Council induction and training, including a governance session on trustees' roles delivered in conjunction with Stone King LLP.
- Updated approaches to minute-taking, recording, and managing conflicts of interest (including the addition of a standing item for declaration of interests at meetings).
- The adoption of a competitive recruitment process, with external support, for external Council appointments.
- The introduction of standardised board and committee papers with guidance notes.
- Council agenda forward planning.
- The introduction of "skills matrices" to map and monitor the mix of skills on Council.
- Carried out an "effectiveness review" of the People and Remuneration Committee, involving a survey of members and attendees and identifying areas to improve.
- Provided governance inductions to committee members.
- Continuing to take advantage of dedicated board and committee administration software, increasing coherence and consistency and ease of access to relevant information.
- Introduced additional guidance on roles and responsibilities of Council and General Assembly.

RA Collection governance

The Royal Academy Collection is considered a *"Designated Collection"* by Arts Council England as a *"pre-eminent collection of national or international importance"* held by a non-national institution. The Collection is accredited through the Arts Council England Accreditation Scheme. Collection matters relating to the management of the Collection – its care, audit, and risk, report annually to the Audit and Risk Committee; and the work and scholarship of the Collections, Library and Archive teams is reported annually to Council, with loan requests and new acquisitions reported on as required (usually every meeting).

Disabled employees

The Royal Academy is committed to recruiting and developing a diverse and inclusive workforce at all levels. We want to ensure that opportunities to work at the RA are open to all, including disabled people, and that disabled employees feel valued and enabled to carry out their work and develop their careers with us.

Employee consultation

The Royal Academy places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Royal Academy. This is achieved through formal and informal meetings, including regular All Staff Meetings and on the Royal Academy's intranet. The RA Staff Council meets six times a year with elected staff representatives from across the RA meeting with a rotation of members of the SLT to discuss a range of topics relating to matters of concern to staff. Notes from these meetings are also shared more broadly with the wider staff.

Strategic review

The way forward strategy 2023-2028 ("2023-28 Strategic Plan") was formally adopted by Council in January 2023.

2023-2028 Strategic Plan

Our founding mission is supported by a renewed vision and the priorities which guide our five year strategy. The plan was developed in 2022, with the final version being approved by Council in January 2023. The plan was subsequently shared with the Committees of Council and the trustee boards of The Friends of the Royal Academy and Royal Academy Trust before being published on the RA's website.

The plan sets out the RA's vision for the next five years and provides a clear roadmap supported by a coherent set of priorities designed to help the RA to realise its ambition. The broad strategic aims outlined in this plan will be underpinned by a series of operational plans which outline the details of implementation and provide metrics

for evaluation. These operational plans are being developed and are considered further in the Strategic Report, together with the strategic priorities. The strategy was developed by the Secretary and Chief Executive in consultation with members of the Senior Leadership Team, the Senior Management Team, the other Officers of the RA (The President, Treasurer and Keeper), as well as the Royal Academicians, Council, and the trustees of the Royal Academy Trust.

The five year strategy underlines the mission, vision, and values of the organisation. The RA's purpose originates from 1768 and remains relevant today: to promote outstanding achievement in art and architecture; to contribute to advancing contemporary practice; and to expand the public's appreciation, enjoyment and understanding of the visual arts.

Mission 2023-28

The Royal Academy of Arts is one of the oldest arts organisations in the United Kingdom. Founded in 1768 by a group of artists, it has remained an artists' association led by its members, the Royal Academicians, to the present day. In 1768 the Instrument of Foundation stated that the RA would: *"Promote the arts of design and educate the public in the creation, enjoyment and understanding of the arts through exhibitions, education and debate."* For the 2023–2028 Strategic Plan, the RA's mission statement has been updated to bring its language into line with current terminology: *"We promote creativity and the practices of art and architecture; and engage the widest possible public with the creation, enjoyment and understanding of the arts through exhibitions, learning and the exchange of ideas."*

Vision 2023-28

The 2023–2028 Strategic Plan establishes an updated vision for the RA in:

- Believing that art has the power to enrich and change lives.
- Being an active, artist-led academy of art and architecture.
- Placing artists and artistic practice at the centre of everything we do and promoting outstanding achievement in art and architecture.
- Aiming to stimulate people's curiosity, wonder and sheer enjoyment of art and architecture and unlocking the imagination and the creative potential of everyone who engages with us – from schoolchildren to adult art-enthusiasts, from aspiring students to practising professionals.
- Meeting and challenging the ideas and interests of an increasingly diverse audience through a varied and inclusive programme that extends seamlessly from the unique experience of visiting our buildings to a distinct online offering.
- Advocating emphatically for the critical importance of continued art education in the UK.
- Creating an inclusive, collegiate work environment, offering meaningful, professional careers.
- Proudly maintaining our independence.

Values 2023-28

The 2023–2028 Strategic Plan includes renewed shared values for the RA to guide decision making and ways of working:

- Forever creative: Ignited by artistic imagination and the creative process, new perspectives, and critical thinking help us to understand the world around us. From our inception we were set up to inspire a wide participation in the creative process, an aspiration more vital today than ever.
- Fiercely independent: Independence is one of our founding principles, and one that we fiercely defend. Neither in receipt of public money nor governed by public policy, we can chart our own course and use our voice to advocate for the things that matter most to us: creativity, a plurality of voices, and the value of art education.
- Unapologetically excellent: Excellence can only be achieved where there is the courage to take creative risks and push boundaries. Led by the Royal Academicians, the RA Schools, our outstanding exhibitions and public programmes, and our unique collections and archives embody this continuum of excellence.

- Belonging to all: Everyone who makes art, loves art, or wants to support art belongs to the RA's unique community. It is our responsibility to open up new ways into art and to develop programmes that reflect the interests of the diverse society we serve.
- Ethically grounded: In everything we do and everyone we engage with we are guided by a strong ethical compass. We take our responsibility towards the environment, social justice, and proper governance very seriously. In our work we meet fundamental principles in the areas of human rights, labour, the environment, and anti-corruption.

Royal Academicians

The RA was saddened to learn of the deaths over the past year of Royal Academicians, Mick Moon RA, Timothy Hyman RA and Norman Ackroyd CBE RA and Honorary Academicians Richard Serra, Frank Stella, Bill Viola and Rebecca Horn.

The following were elected as Honorary Academicians during the year:

- On 14 December 2023, Toyo Ito and Joan Jonas.

The following were elected as Honorary Fellows during the year:

- On 14 December 2023, Emily Howard and Kate Raworth.

The following were elected as Royal Academicians during the year:

- On 14 December 2023, Oona Grimes in the category of Printmaking and Goshka Macuga in the category of Sculpture.
- On 19 March 2024, Helen Sear in the category of Printmaking and Claudette Johnson in the category of Painting.
- On 6 June 2024, Caragh Thuring and Sikelela Owen in the category of Painting.

Senior Leadership Team

Led by the Secretary and Chief Executive, seven directors have responsibility for the following areas: Exhibitions, Audience and Experience, Collections and Learning, the RA Schools, Development, Corporate Services, and Finance. This Senior Leadership Team is responsible for the implementation of strategy and day-to-day management of the Royal Academy.

As referred to above, the RA's 2023-28 Strategic Plan was formally adopted by Council in January 2023. The Plan has three core priorities which are considered further in the Strategic Report on page 32. The review of activities which follows, charts our progress against these priorities in 2023/24 being to:

1. Reinforce the Academy and reaffirm our commitment as an artist-led, practice-centred academy.
2. Deepen our connection with the world around.
3. Strengthen our resilience and rise to the social, economic, and environmental challenges we face.

ACTIVITIES, ACHIEVEMENTS, AND IMPACT

Review of activities

1. Exhibitions

Exhibitions programme

Reinforcing the Academy

The Academy's exhibitions programme has traditionally focused on a wide range of artists, media and periods. However, our Autumn 2023 Main Gallery exhibition, dedicated to Marina Abramović Hon RA, was our first to

focus on performance art. The exhibition charted the development of Abramović's practice by bringing together key historic as well as new works. It also focused on the artist's ongoing engagement with the very nature of performance art, bringing together complex installations, participatory works activated by audiences and live re-performance of major historic works by a younger generation of artists.

Performance art's most radical contribution to artistic practice was the insertion of the live body into the field of artistic representation. Throughout art history, the body was traditionally mediated through sculpture, painting and most importantly drawing, the primary medium through which artists learnt to represent the figure. Until the late 19th century, the privilege of acquiring formal training in art was, in most European countries, one that was open exclusively to men. Angelica Kauffman RA, the subject of our monographic exhibition in Spring 2024, learned together with her artist father, by observing Classical sculpture and Old Masters while living in Rome. She rose to become one of Europe's leading neo-classical painters – and one of the Academy's two female Founding Members – with works that powerfully portrayed female sitters, as well as history and religious paintings that focused on narratives highlighting female character.

If traditionally drawing was primarily viewed as a tool for learning, *Impressionists on Paper: Degas to Toulouse-Lautrec*, traced how Impressionist and Post-Impressionist artists radically transformed its status. Together with pastels, watercolours, temperas and gouaches, drawings increasingly became treated as autonomous works of art, rather than as preparatory or exploratory media, claiming a shared aesthetic with painting. Artists represented in the exhibition included leading figures like Cézanne, Renoir, Degas as well as Gauguin, Van Gogh, Seurat and Redon; but also, less familiar artists, such as Guillaumin and De Nittis. In their hands, improvisation and lack of finish became hallmarks of modernity, providing an impetus towards more imaginative ways of depicting the world that would pave the way towards abstraction.

Whilst *Angelica Kauffman, Impressionists on Paper: Degas to Toulouse-Lautrec,* and *Marina Abramović* provided discrete exhibitions of 18th, 19th and 20th century art, *Entangled Pasts, 1768–now: Art, Colonialism and Change*, brought together over 100 major contemporary and historic artworks presented in dialogue with each other. Rather than seeking to illustrate history, the exhibition explored art and artists' roles in shaping narratives around empire, enslavement, resistance, abolition and colonialism. Spanning over 250 years, from the foundation of the Royal Academy in 1768 to the present and informed by the RA's ongoing research into its links with colonialism, the exhibition featured over 50 artists connected to the institution – from Academicians to students and sitters – to explore the relationship between art and our understanding of the past. The exhibition brought together important international and UK loans as well as works from the RA's Collection and archive, ranging from large-scale painting, sculpture, immersive installation and film to intimate works on paper and poetry. Artworks by leading contemporary artists including John Akomfrah RA, Frank Bowling RA, Sonia Boyce RA, Lubaina Himid RA, Isaac Julien RA, Hew Locke RA, Yinka Shonibare RA, Barbara Walker RA and Kara Walker Hon RA were shown alongside artists including Joshua Reynolds PRA, Thomas Gainsborough RA, John Singleton Copley RA and J.M.W. Turner RA – tracing connections across time and place to reflect on how art is entangled with colonial histories and revealing the international underpinnings of "British" art.

Deepening our connection

Every year the Royal Academy celebrates creativity in its widest dimensions with the *Summer Exhibition*, which this year included over 1,700 works of art by Royal Academicians and members of the public. The 256th edition was coordinated by Ann Christopher RA under the theme of "Making Space". Besides Christopher, the selecting and hanging committee included Hurvin Anderson RA, Assemble RA, Anne Desmet RA, Hughie O'Donoghue RA, Cornelia Parker RA and Veronica Ryan RA. Stand outs included Nicola Turner's sprawling courtyard installation, *The Meddling Fiend, 2024* and Assemble's Architecture galleries, conceived as a studio which also featured a number of works in other media. As always, the exhibition's un-hierarchical nature, as well as its selling dimension, prompted questions about value and taste, providing an intensely social experience favoured by friends and families.

Throughout our exhibitions programme we seek to represent the different registers in which artists work and to provide different kinds of viewing experiences for our visitors. The performance, by younger artists working today, of Marina Abramović Hon RA and Ulay's famous work *Imponderabilia, 1997*, invited audiences to experience the intimacy of moving between two naked bodies, and the many questions that this simple action provokes. Intimacy of a different kind could be found in *Impressionists on Paper: Degas to Toulouse-Lautrec*, where viewers were invited to follow the artist's hand through their mark making, as it gave shape to colour and form in the over 70 works on paper that were included in the exhibition.

The retinal pleasures afforded by, for example, Cézanne's *Les pots de fleurs*, c. 1885, his incomparable rendering of potted plants in the Mediterranean heat, are however in contrast to the experiential nature of Abramović's practice. The exhibition featured large-scale projections and installations, as well as performances, objects, sculptures, photographs and drawings, presented in a series of different immersive environments that each underscored individual themes. Four major historic works were brought to life within the show and re-performed by contemporary performance artists. Also included were a series of the artist's participatory works which visitors were invited to use. In December 2023, the artist performed a new work, *An Invitation to Love Unconditionally, 2024* in the Academy's Annenberg Courtyard. The RA additionally collaborated with the ENO on their presentation of Abramović's opera, 7 *Deaths of Maria Callas*, and with the Southbank Centre on a season dedicated to contemporary performance artists curated by Abramović.

Entangled Pasts, 1768–now: Art, Colonialism and Change likewise favoured a visually and spatially driven selection over a comprehensive, linear chronology of events, in acknowledgement that it could offer only a partial, fragmentary view of such a vast and complex subject. The exhibition was organised in three main thematic sections that intertwined narratives across time, revealing the reverberation of images across the centuries and putting forward a porous and personal approach to history, with the visitor's experience centre stage. The exhibition was programmed in 2021 in response to urgent public debates about the relationship between artistic representation and imperial histories. It also reflects our ambition to showcase a broader range of practices than those that have traditionally featured in our programmes.

In the Eye of the Storm: Modernism in Ukraine 1900-1930s, focused on a fertile period in Ukraine's art history that was marked by internationalism and a cross-pollination of influences that contributed to the formation of a distinctly Ukrainian culture. The exhibition re-framed the practices of artists, like Kazimir Malevich or Sonia Delaunay, who have until now been considered within the context of Russian art history only, at a time in which Ukraine's national identity is under attack.

Across the year, the exhibitions programme drew over 607,000 visitors.

Strengthening our resilience

Many organisations, trusts and individuals lie behind the Academy's exhibitions programme, and we are indebted to all of them for their support in enabling our vision in bringing great art to London and UK audiences.

Marina Abramović was a complex and ambitious exhibition to realise, and we are hugely indebted to BNP Paribas, who have partnered with the RA for 23 years and helped extend the reach of the exhibition with the AccessArt25 programme. We would also like to thank Chrome Hearts, Simon Morris and Annalisa Burello, the Marina Abramović Supporters' Circle, Sean Kelly Gallery, Lisson Gallery and Claridges. The exhibition attracted over 170,000 visitors.

Impressionists on Paper: Degas to Toulouse-Lautrec was generously supported by Gide Loyrette Nouel, the Huo Family Foundation and Kathryn Uhde. The exhibition attracted nearly 111,000 visitors.

Entangled Pasts, 1768–now: Art, Colonialism and Change, was in many ways an experimental exhibition, and we are indebted for their support to the Ford Foundation, The Terra Foundation for American Art, Matthew and Brooke Barzun and The David Ellis Marlow Trust. The exhibition attracted over 81,000 visitors.

Originally programmed for 2020 and rescheduled owing to the pandemic, *Angelica Kauffman* was finally held in Spring 2024 thanks to the generous support of Chirstian Levett and Musée FAMM, Kathryn Uhde, Antigone Theodoru and Stefan Bollinger, the Glenbevan Trust, the International Music and Art Foundation, Rosemary Lomax Simpson and the Dr Lee MacCormick Edwards Charitable Foundation. The exhibition attracted nearly 44,000 visitors.

The *Summer Exhibition 2024* marked the 18th year of our warm collaboration with Insight Investment, whose generous support enables us to showcase the work of thousands of artists each year. The exhibition attracted over 150,000 visitors.

Last but not least, *In the Eye of the Storm: Modernism in Ukraine, 1900–1930s* was made possible under the patronage of Crankstart, The Risman Foundation, The Consuelo and Anthony Brooke Charitable Trust, The Natalia Cola Foundation, Christian Levett and Musée FAMM. The exhibition attracted over 51,000 visitors.

Architecture programme

Reinforcing the Academy

Architecture at the RA hosted nearly 40 speakers during the year, covering topics that ranged from a debate about what made "boring" architecture, to talks on inspiring social housing and challenging conventional architecture practice.

The RA's annual *Architecture Awards Week* took place in November 2023. The RA Architecture Prize was awarded to Irish architect Shane de Blacam, for his commitment to social spaces, his celebration of local materials, and focus on joinery and details. Four finalists were nominated for the RA Dorfman Prize, including Comunal (Mexico), H Arquitectes (Spain), Taler Gabriela Carrillo (Mexico) and Tropical Space (Vietnam). The prize was presented to Taler Gabriela Carrillo in recognition of the clarity and precision of her collaborative practice, as well as sensitivity to the environment.

In Summer 2024, Marko Milovanovic, was announced as the recipient of the Shane de Blacam Residency. Developed in collaboration with *Architecture at the Edge* as a legacy project after de Blacam was awarded the RA Architecture Prize, this residency allowed Milovanovic to spend six weeks living in Ireland, studying the architect's work.

Between January 2023 – October 2024, the RA presented a series of displays in the Architecture Window in the Ronald and Rita McAulay Gallery. The Window, designed by Unknown Works, provides a system for quick-changing displays, with moveable shelving and doors. The first display, *CRUNCH*, presented a curated selection of graduate works from architecture schools around the UK. *The City is a Room* showed the work of Nichola Barrington Leach, following her RA-supported residency in Paris in 2023. Her work looked at the designs of Renée Gailhoustet whose social housing on Paris' peripherique continues to draw attention today. *MONITOR* is the latest display in the Architecture Window, displaying an impressive full-scale prototype of a moving artist's studio designed by artist James Capper, in conjunction with designer Thomas Pearce, and architect Greg Storrar.

Deepening our connection

Architecture at the RA hosted a lively events programme during the year, welcoming 3,000 participants spanning in-person and online audiences. In July 2024, the RA hosted the first Young Person's Architecture Lecture. Working closely with young people on the RA's AttRAct programme, and colleagues in the Learning team, the lecture was an opportunity for people aged 15-25 to be introduced to architecture. American architect Toshiko

Mori delivered the inaugural lecture, presenting her work on the spaces that make up our cities: libraries, universities, museums and homes. Mori was introduced by two students from the RA's AttRAct programme, and the audience was filled by 200 young people involved in architecture programmes around the city, like Drawing Matter's summer school, and Open City's accelerate programme.

2. Audience and Experience

Although much of the work of Audience and Experience is focused on deepening our connection with audiences and strengthening our resilience financially, our starting point is always the mission of the RA, reinforcing the Academy and its unique points of appeal to a broad, interested public.

Reinforcing the Academy
In the highly competitive market of 2024, finding ways of connecting with audiences for the RA has never been more essential. We are bidding for people's attention and commitment, asking that they choose the RA from an ever-expanding choice of ways to spend their time and money, and to privilege us with their support. Earning that connection starts with understanding and articulating what makes the RA so singular and special, so deserving of people's attention, and so rich in reward.

For us, reinforcing the Academy is therefore a process of distillation, of identifying and honing the essential ingredients of the RA that resonate and connect with audiences: the things that motivate them to visit, support and return. By recognising what appeals, what makes the RA so distinctive from their perspective rather than from our own, we can draw out those features in everything that we do. Reinforcing these competitive points of difference – what we have that no one else has, the things that make us unique – enables us not only to deepen our connection with our audience but also to build the vital financial resilience that this connection engenders.

In the year under review Audience and Experience has focused on this most important work, through a series of projects involving all audience-facing teams and sources of expertise, supported by broader industry specialists and research. Distilling the RA's points of appeal into consistent, useable guidelines has been a highly collaborative, energising and exciting process, which has led us to a series of resources and strategies that are now being actively used to guide our positioning and communications:

- Our visitor proposition summarises what we have that people want: an unparalleled connection to the continuum of art practice, past, present and future. This continuum is experienced and valued via People, Place, Participation and Proximity as unique points of appeal. Our people are our community of artists, our network of relationships and individuals. Our place is the unparalleled location and spaces we share. Participation is the commitment to art practice, making and learning so central to the RA. Proximity captures the sense of inclusion, belonging and enjoyment that reflects the RA at its best.
- Our public narrative: a tested, proven articulation of our role in arts advocacy, the contribution we can make and the opportunity to develop our positioning and profile in the sector. Corporate positioning and our case for where the RA can support, enable, convene and promote wider arts-related agendas will become an increasingly important factor in winning audiences for the future. Our first cause-led public campaign, "Art is a serious subject", launched in October 2024, has been conceived and developed throughout 2024 in collaboration with a cross-institutional team with input from staff and Royal Academicians.
- Our editorial positioning: a significant rethink and relaunch of editorial strategy, in response to analysis of what our audiences value most and where we can have most impact. A shift away from a purely internal focus on what the RA is doing towards an external-facing means of welcoming audiences to the art world, using our digital and email channels to tell stories and introduce voices, much as RA Magazine does.

These new, interconnected ways of reinforcing the Academy stand alongside our ongoing commitment to more established means of strengthening the institution and its values. Our steadfast commitment to artistic and academic excellence and research was highlighted in outputs from across Audience and Experience:

- A series of well-received and commercially successful publications, including a major catalogue for this year's internationally recognised exhibition *Marina Abramović*, published in four languages and reprinted several times. Of particular note was the book that accompanied *Entangled Pasts, 1768–now: Art, Colonialism and Change*, which was hailed by critics and audience alike as an important publication in its own right as well as in relation to this groundbreaking exhibition.
- RA Magazine's innovative approach to *Entangled Pasts, 1768–now: Art, Colonialism and Change*, with its especially commissioned guide to the show by Hew Locke RA, inserted into the main magazine, and providing additional perspectives.
- A series of selling displays across the RA over the year, featuring the work of Royal Academicians, among them Rana Begum RA, Anne Desmet RA and Clare Woods RA, and other artists. The opportunity to see work of this calibre across the campus is greatly appreciated by RA audiences and reinforces again what makes the RA so special to them.
- Extensive collaborative work across the RA website, better to showcase areas of academic and artistic activity, specifically the Architecture programme and the connection between different types of display.

Reinforcement of the Academy is also reflected in our fundamental responsibility for welcoming audiences and extending that welcome to all. The year has seen the continuation of our commitment to accessibility, inclusivity and diversity as the most essential of RA attributes. Audience led initiatives have included:

- Website accessibility made possible by the generous support of Bloomberg Philanthropies in a major two-year project run by our Digital Infrastructure team and completed in spring 2024. Our specific accessibility aims were twofold: to engage more people with the RA online, and to meet the online access requirements of differently abled visitors and collaborators, in line with WCAG 2.1 AA compliance standards. We have been delighted to exceed our 95% target, achieving 99–100%, from our original baseline of 86%.
- A comprehensive training programme to support staff in welcoming visitors to *In the Eye of the Storm: Modernism in Ukraine, 1900–1930s.* Initiated by RA staff, the training involved external expertise to guide us on the cultural context and sensitivities of this important and timely exhibition.
- Ongoing training, prioritising our most important front-of-house teams in delivery of welcome, leading on from their own initiatives and collaborating with HR on a series of programmes as well as in-house development.

Deepening our connection

Deepening our connection with the RA's existing audience and introducing the RA to new audiences is the primary purpose of the eight Audience and Experience departments, collaborating with colleagues across the institution to assemble a compelling, original and accessible programme of reasons to visit, support and be part of what we do, now and into the future. Reaching the widest audience for the RA's unique proposition depends on close collaboration between programmers, market analysts, campaign designers, channel managers, press officers and all those responsible for each step in the chain of connection, helping to build profile, awareness, interest and relevance to those with whom we have, or seek, a relationship.

Establishing connections with new and different audiences is naturally a priority for an organisation financially reliant on high volumes of visits, but it also reflects our wider commitment to reach, in terms of relevance to the society of which we are part, and improved representation of its diversity. The year has included several major projects designed to connect both with audiences at scale and with more targeted initiatives in support of specific ambitions:

- The campaign behind *Marina Abramović* helped drive 170k visitors, well ahead of plan and successfully targeted and converted key groups. 61% of visits were paid (non-Friends) against an average of 45%; 30% of visitors were aged under 45 against an average of 9%. Sign-up for our 25 and Under tickets

was +109% on the previous year. Ambitious digital and press campaigns drove high engagement, with over 900k visits to the webpage and over 500 press items within the UK alone. The artist's support for, and commitment to, the media campaign was significant and impactful; working together on social media, on product launches, on signings and in-person events we added to the deepening of our connection with new and existing audience groups. The differences of opinion that the exhibition engendered, and the debate and the headlines it created, were carefully combined to optimise coverage and reach to different target audiences and drove our highest exhibition visitation and revenues since the pandemic.

- Premium membership was relaunched in September 2023, following two years of detailed research into the positioning and pricing of important tiers of membership within the overall RA loyalty model. House Membership now offers benefits throughout Keeper's House, rather than only the Academicians' Room as previously; a new tier, Bar and Garden Membership, is designed for younger members and includes more evening use of the lower spaces and a new working space in the Green Room. Membership is growing, and the operational challenges of connections with other tiers and with catering affordability are being addressed.
- Being of interest and relevance to a more diverse audience is an organisational priority. The opportunity to present a different narrative in relation to the RA was reflected in *Entangled Pasts, 1768–now: Art, Colonialism and Change* and manifested in the positioning and marketing of this important exhibition. The campaign featured the words and voices of the artists themselves, providing different, poetic and thought-provoking ways of creating awareness. This was reflected in a +22% increase in visits from a Global Majority audience, and exceptionally positive feedback to the exhibition and its presentation.
- Reaching and connecting with audiences digitally has been the focus of a major two-year project generously funded by Bloomberg Philanthropies. The project has allowed us to update the RA website's infrastructure and UX, explore the RA's digital-asset management requirements, and develop the potential of online and hybrid programming. This work has allowed us not only to update the RA's infrastructure and provide capacity for its existing requirements, but also to frame options for future phases of digital development now informed by our learnings enabled by Bloomberg's funding. Fully completed in spring 2024, the project met or surpassed all KPIs for measuring its impact and provides a platform on which initiatives and partnerships can be built for the future.
- During 2024 a cross-team Arts Advocacy Thinktank initiated by the Learning Department and the RA Schools has explored ways in which the RA can extend its reach in advocating for the arts and art education. The role of Audience and Experience teams has been to shape how this work might connect with a broader public audience, and how building connection to a wider cause also builds connection with the RA. A new public-facing campaign, "Art is a serious subject", went live in autumn 2024, and will provide a first insight into how cause-led positioning can help create engagement, loyalty and support.

Strengthening our resilience

Departments within Audience and Experience are responsible for optimising and channelling the RA's audience-facing revenue. The RA is an independent institution heavily reliant upon the support of visitors and customers, and revenue generation is not only a means to an end but a critical measure of market competitiveness and visitor satisfaction. Commercial metrics and KPIs frame all annual planning and the parameters we set when collaborating with other departments, in order to deliver the best return for the RA.

The infrastructure and systems on which revenue generation relies have been developed and upgraded in the year under review. The completion of the two-year Bloomberg project has provided the RA with website functionality that has transformed our online transactional journey, simplifying and connecting each step and optimising for mobile. Digital-membership fulfilment and ticketing options, and interfaces with mobile-wallet and payment functionality, all enable easier transactions and revenue generation. In a separate, eighteen-month project, the Tessitura CRM platform, which underpins ticketing, membership, fundraising and related marketing and analytics, has also been upgraded. Retail systems and e-comm functionality are also being developed, as is RASE, the system upon which Summer Exhibition sales depend.

Attendance at paid exhibitions remains the key driver of RA revenues. Understanding our audiences, knowing who and where they are and how best to connect with them are our most critical data. RA teams currently lead the UK sector in many areas across technical-systems expertise, analytics, loyalty and CRM strategies, and this emphasis on data-led analysis and marketing will continue to underpin our approach in a highly challenging and competitive market.

The RA Shops continue to delight customers with ranges that include seasonal responses to exhibitions, RA-published books and our year-round programme of art sales. Commercial highlights of the year included the sales achieved during *Marina Abramović*, which were particularly successful due to the extension of the show's run over Christmas until 1 January 2024, enabling over £2.0m sales during this period.

Hospitality is central to the experience of RA visitors. The year has included a review of our catering partnerships and an exploration of how best these might be developed for the future, including our successful collaboration with José Pizarro at 6 Burlington Gardens and our relaunched offers in Keeper's House.

3. Collections and Learning

Reinforcing the Academy
The RA Collections acquired multiple works in the year. We owe huge thanks and appreciation to all artists and donors who have worked with us to enrich, amplify, and sustain the holdings of the RA Collections, Library and Archive.

In January 2024, ahead of the reopening of the Jillian and Arthur M. Sackler Wing of Galleries, Dr Hannah Higham worked with Richard Deacon RA to refresh the sculpture display on the Sculpture Ledge on the Sackler landing. Among the new works on display there are pieces by Dhruva Mistry RA, Elisabeth Frink RA, Alfred Turner RA, Siegfried Charoux RA, and Lynn Chadwick RA.

In early February 2024 we re-hung the Collections Gallery with a contextual display focused on the exceptional loan of Frederic, Lord Leighton PRA's *Flaming June* from the Museo de Arte de Ponce in Puerto Rico. Curated by Dr Hannah Higham, the display reviews the interrelationship of painting and sculpture in the RA's Collection and in Leighton's practice, bringing to light drawings and sketch models that have rarely been displayed. Visitor numbers to the Collections Gallery have increased notably due to this star loan, with over 1,000 visits on some Saturdays and Sundays compared to a previous daily average of 200–300.

Lubaina Himid: Naming the Money Paperworks, curated by Annette Wickham, was on display until July 2024. This coincided for several months with a display of the artist's full-size figures in *Entangled Pasts, 1768–now: Art, Colonialism and Change*. Annette Wickham also co-curated the RA exhibition *Angelica Kauffman*.

Between March and May 2024, the Collections team, led by Dr Hannah Higham, worked closely with colleagues in the RA Schools to prepare around 150 works from the RA's Collection for installation into the restored RA Schools spaces (c. 50 architectural casts in the Architecture Studio, c. 40 casts and busts in the Cast Corridor and close to 60 works in the Life Room).

In April and May 2024, and to coincide with the reopening of the RA Schools, we refreshed the display in the Rausing Vaults, including a showing of the spectacular écorché horse. The display cases, curated by Annette Wickham and Rina Sagoo, focus on anatomy, masculinity and metamorphosis, and, with the wider display, underline the overarching theme of arts education and the history of the RA Schools.

In October 2024, the GA Room was re-hung with a selection of still-life works from the RA Collections. In the entrance area to the Print Room, Gabriel Jamroz, Genesis Future Curator, has put together a small display inspired by our recent acquisition of Emily Allchurch's lightbox *Grand Tour II: Homage to Soane (after Gandy)*.

From November 2024, Jenny Saville RA's work *Arc* (private collection) will be on display in the Collections Gallery, where it will hang opposite *Flaming June* while Michelangelo's *Taddei Tondo* is in the Jungels-Winkler Galleries as part of the forthcoming RA exhibition *Michelangelo, Leonardo, Raphael: Florence, c. 1504*.

The Collections team are working with the President's office to prepare a Coronation Portfolio of prints for His Majesty King Charles III.

Deepening our connection

The RA's Arts Education Advisory Group was set up to liaise across departments and consider the RA's position in arts-education advocacy. Representatives from Learning and Public Programmes, the RA Schools, Architecture and Audience and Experience came together to discuss various matters, including written submissions from Royal Academicians and ideas for spaces for advocacy. In addition, Learning welcomed a team from the DCMS to discuss the importance of creativity in art and creativity at the RA.

The success of primary-school visits has continued this year, with all 70 workshops fully booked. Workshops are themed around works in the RA Collections and are related to the resources available online for primary-school teachers. These visits continue to prioritise state schools, which often benefit from fewer materials and less support and specialist teaching than independent schools. We continue to provide a wealth of activities for teachers, including private views of exhibitions, curatorial talks, creative workshops and CPD sessions. These are open to all teachers and are very well attended.

The immense popularity of the *Young Artists Summer Show ("YASS")* continued in the year, with over 21,000 submissions received, and we successfully continued our efforts to balance submissions from local and regional schools. Molly Bretton, Head of Learning, will judge a version of *YASS* in Bermuda that has been set up, inspired by the RA's work. We have connected with other institutions in Oslo, Norway and New York in which children's artwork is displayed or collected. The 2024 onsite *YASS* exhibition attracted 12,312 visitors over its four-week run. We continue to be grateful to the late Robin Hambro and her family for their generous support of *YASS.*

Our engagement with 16–25-year-olds expanded considerably as a result of our regular Friday Drop In and Draw sessions. Our Learning team worked in partnership with BNP Paribas to enable over 1,700 16–25-year-olds to see the *Marina Abramović* exhibition for free at a special BNP Paribas Access Art 25 evening event that was co-produced by a group of young producers. Marina presented her "Abramović Method" to a packed audience in the Benjamin West Lecture Theatre, and young people were able to access a specially produced interpretation resource and a broad range of creative activities and events inspired by her practice.

AttRAct, our programme of monthly online workshops for 15–19-year-olds, also continues successfully. These workshops are led by professional artists, including several RA Schools students, architects, and other creative people.

The Early Years Studio continues a series of regular, drop-in, child-led creative sessions for under-fives and their guardians to gain confidence and build creative skills and community. Our monthly Family Studio workshops have continued to be popular, as have our tailored family workshops for children with special educational needs and disabilities (SEND). Our family programmes are fully funded through the generous support of Jeanne and William Callanan and Lady Wolfson.

Making Space, an artist-development programme for learning-disabled and neurodivergent artists, continues to great success with a small group of artists gaining in confidence and creativity.

Flagship *Artists in Conversation* this year have included John Akomfrah RA talking about his pavilion at the Venice Biennale, Cornelia Parker RA and Veronica Ryan RA discussing sculpture in the public realm, and Sir

Michael Craig-Martin RA speaking about his life, inspirations and work. Our thanks to the Natalia Cola Foundation for its continued support of this series.

In summer 2024 we launched the *Changemakers* series, inspired by the RA exhibition *Angelica Kauffman* and the artist's role as a pioneer. We invited women across the cultural sector to discuss how their work has shifted narratives, broken down barriers and generated change across the arts. The series included talks with Rachel Whiteread, Zandra Rhodes, Elif Shafak, and Meera Syal. In a further celebration of brilliant women, the Annual Rothschild Foundation Lecture this year will be delivered by the Nigerian novelist Chimamanda Ngozi Adichie.

Saturday Sketch Club online has continued to reach strong numbers, with the highest being 1,865 participants for a 75-minute online workshop in March 2024 and over 12,300 in total for the year to 31 August 2024.

Building on our connection with the RA Schools, we organised public tours of the RA Schools show, held a performance lecture with the RA Schools Starr Fellow Rashayla Marie Brown, and livestreamed our *Saturday Sketch Club* from the Dunard Fund Life Drawing Studio, using casts and écorchés from the RA Collections.

The success of Friday night life-drawing continues, inspired by our exhibitions, with hundreds of participants packing the Benjamin West Lecture Theatre.

In addition to displays on site, works from the RA Collections continue to be shown in exhibitions both nationally and internationally via our loans programme. During the year to 31 August 2024, 78 works from the RA Collections have been on short-term loan to 25 venues across the world, and a further 38 objects were on long-term loan to 18 venues in the UK. A notable highlight this year was the sizeable loan of 21 works to a major Pre-Raphaelite exhibition at the Musei di San Domenico at Forlì in Italy. On 16 November 2024 *Image of the Artist*, a selection of self-portrait works from the RA Collections, will open at Gainsborough's House, Sudbury, on view until 20 April 2025.

We delivered a broad public programme around the RA exhibition *Entangled Pasts, 1768–now: Art, Colonialism and Change*, including a talk and panel discussion, art-history and art-making courses, and the *Art, Colonialism and Change Symposium* in April 2024. As ever, we are grateful to the Armando Garza Sada endowment for enabling this symposium. In June 2024, in partnership with the Paul Mellon Centre for *Studies in British Art*, we jointly led a symposium exploring the life and work of Angelica Kauffman RA. We are very grateful to the Paul Mellon Centre for its financial support of this symposium.

The Executive Masters in Cultural Leadership continues, with its sixth global cohort of students. Courses this year were held in Maastricht, London and Venice, and all garnered excellent feedback on the blend of academic and high-profile cultural leaders who led the programme. We hosted an in-conversation with Rana Begum RA at the Delhi Art Fair, thanks to the work and connections of one of the current students, and the Director of Collections & Learning was invited to visit a new development of artists' studios and residencies at Hampi.

Race Equity and Inclusion work continues in the decolonial programme within the RA Collections, involving the study of Reynolds's sitters' books, enabling us to understand better the patronage of early Royal Academicians. Rina Sagoo presented some of this work at a sector conference in October 2024. Our Archivist Mark Pomeroy's research permitted the identification of a 19th century Black model working at the RA Schools. The Archive provided significant support to two major RA exhibitions, *Entangled Pasts, 1768–now: Art, Colonialism and Change* and *Angelica Kauffman*, as well as to external scholars and exhibitions elsewhere.

The most significant event for the Library during the year was the opening on 20 May 2024 of the new Schools Library, as part of the RA Schools refurbishment project. After a six-year hiatus, we can finally provide a library service fit for a 21st century postgraduate art school. The project was complex and time-consuming, requiring the transfer and reshelving of approximately 9,000 books from the basement of 6 Burlington Gardens and a

further 3,000 from offsite storage. Overall, the Library and Archive welcomed 797 internal and external scholars in the year, as well as undertaking 51 behind the scenes tours.

The Collections and Learning team and the Public Programmes team continue to publish widely and to lecture and teach externally as time permits.

Strengthening our resilience
A full audit of the RA's silver collection has been completed, and its cataloguing is being improved thanks to the expertise of external specialists. This work will continue until early 2025.

Cataloguing in the Archives was a major priority during the year, with major projects completed across the governance areas of the RA. The structure of the digital archive has also been consolidated during the year.

The warehouse facility at Mitcham is now fully operational for Library and Archive storage providing us with much needed space for expansion, sufficient, in fact, to accommodate the natural growth of the Archive and Library reserve collection over the next decade.

The Picture Library's collaboration with Heritage Images Partnership has passed the contract-negotiation stage and is now operational. This places RA images with third-party agencies worldwide, increasing our audience and bolstering our revenue streams from image licensing.

4. RA Schools

Reinforcing the Academy
The RA Schools remain at the heart of the institution, offering an independent space for contemporary art education. Offering the only free, three-year postgraduate programme in the UK, they continue to train up to 17 emerging artists each year. Since their foundation in 1769, the RA Schools have maintained their independence, allowing the programme to evolve and adapt to the specific needs of individuals. For over 250 years, as an integral part of the RA, the RA Schools have provided an independent, artist-led programme invested in artistic development. Today's RA Schools are an international community of artists committed to the questions that arise from making art now.

Ever-evolving, in-depth conversations emerge in our lectures, tutorials, group critiques, workshops and studios and in our canteen. These create an atmosphere that fosters curiosity and lifelong critical friendships. Our programme provides responsive expertise and time for making, reflection and speculation in the studio and workshops. With a small annual intake of students, our three-year programme can respond to the art practice of individuals. Students learn in dialogue with the permanent and visiting international faculty, which encompasses a number of Royal Academicians. Across one handsome site in central London, students can move between studios, workshops and the RA's Archive, Collections, Library and loan exhibitions to study, explore and research historical and contemporary art practice.

The successful completion of the RA Schools refurbishment project has delivered fully accessible state-of-the-art facilities for the next generation of students, alongside careful preservation of a set of heritage buildings designed by Sydney Smirke RA in the 1860s. The scheme, designed by David Chipperfield Architects, with Julian Harrap Architects, was completed to a high standard by our contractors Knight Harwood on a tight timescale.

Two events in the RA Schools in May 2024 celebrated completion of the works: a donors' dinner and a party for over 600 people. The latter included *Stampede*, organised by Brian Griffiths RA Elect, during which performances by recent graduates took place across the RA Schools.

Following completion of the works, members of the Collections team – Dr Hannah Higham, Kristina Stipla and Rina Sagoo – with the Keeper Cathie Pilkington RA, Mark Hampson and Eliza Bonham Carter installed some 150 objects from the Cast Collection in the Life Room, the Cast Corridor and the Architecture Studio. Cathie Pilkington RA's new display for the Life Room combines 18th century casts and écorchés with more recent objects, and space for contemporary and student interventions. In the Cast Corridor Mark Hampson's rich display brings many works out onto display for the first time since the Royal Academy was based at Somerset House, among them the Furietti Centaurs, the large heads of Castor and Pollux, a single figure of Laocoön returning from long-term loan, and a group inspired by the work of Michelangelo. Eliza Bonham Carter oversaw the Soane-inspired display of architectural casts that adorns both the Architecture Studio and the entrance corridor. This includes works donated to the RA Schools from the collection of Sir Thomas Lawrence PRA. All in all, these new displays comprise the fullest celebration of casts from the collection in over fifty years.

One notable benefit of the restoration work has been the addition of a new Time-Based Media Studio. This major upgrade to the technical offering of the RA Schools has been especially welcomed by students working with moving images, body art and non-material practices. The provision of our first sound booth is having a significant impact. We have also invested in equipment to support soft sculpture and textile-based practices, including sewing and digital-embroidery machines. The workshops play a central role in supporting speculative practice, enabling students to experiment and encouraging them to learn through making and responding to materials.

The academic programme in the year has been driven by dynamic discussions arising from lectures, artist talks, group critiques and tutorials led by contemporary artists, Royal Academicians, critics, writers and theorists. Highlights included Professor Esther Leslie speaking on *Fire, Animation and the Sun: Thermal Dialectics and the Flux of Social Worlds* and Dr Laura López Paniagua on *Contemporary Art and Sustainability: Creating Alternative Ways of Conceptualising and Inhabiting the Planet*. Among the artists who gave talks on their work were Hurvin Anderson RA, Josh Appignanesi, Michael Clark (Professor of Anatomy), Ghislaine Leung, Elizabeth Price, Eva Rothschild RA (Professor of Sculpture), and Larissa Sansour. Tutorials were given by Fiona Banner RA, Enrico David, Ryan Gander RA, R. I. P. Germain, Andrew Pierre Hart, Lubaina Himid RA, Eliel Jones, Arturo Kameya, Allison Katz, Sheng-Wen Lo, Lisa Milroy RA, Mike Nelson RA, and Andreas Reiter Raabe. Cross-year crits included Simeon Barclay, Joy Gregory, and Louise Wilson (Jane and Louise Wilson RA). Workshops included *Sustainable Practice* with Rashayla Marie Brown (Starr Fellow), and technical-painting tutorials with Jon Archdeacon from AP Fitzpatrick Fine Art Materials.

We welcomed Michael Clark as our new Professor of Anatomy, Michael Armitage RA Elect as our Eranda Professor of Drawing, and Eva Rothschild RA as our new Professor of Sculpture. Ryan Gander RA is Professor of Perspective and Lisa Milroy is Professor of Painting. We look forward to our professors' contribution to the programme and thank Mike Nelson RA, Alison Wilding RA, Fiona Banner RA and Lubaina Himid RA, who have come to the end of their terms. Our Critical Fellow, Federico Campania, has completed his two-year term.

In December 2023, we reviewed 670 applications. We offered interviews to 55 candidates and selected 17 students. This is the first year since 2017 that we have been able to accommodate a full cohort of students, our numbers having had to decrease to permit building works in connection with 6 Burlington Gardens, the Burlington Project and more recently the RA Schools project.

The Starr Fellowship is endowed by the Starr Foundation and supports a one-year artist's residency at the RA Schools for a US national. Rashayla Marie Brown from Toledo, Ohio, joined us in October 2023 as Starr Fellow for 2023–24.

In the autumn of 2023, our Professor of Architecture Peter St John (Adam Caruso and Peter St John RA) led an architectural walk to twelve churches in the City of London designed by the seventeenth-century architect and astronomer Sir Christopher Wren.

Our study visit to Athens in November 2023 was funded by a gift from Goldman Sachs Giving. We visited the Acropolis Museum, the EMΣT (National Museum of Contemporary Art), the Archaeological Museum, and the Benaki Museum of Greek Culture. This was an especially timely visit, given the imminent return of casts of Greek sculpture to the RA Schools. The academic staff visited the Athens School of Fine Art, which developed our networks and provided an interesting insight into the organisation.

The following students graduated from the RA Schools on 13 June 2024: Ilze Aulmane, Fungai Benhura, Kevin Brennan, Racheal Crowther, Fleur Dempsey, Massimiliano Gottardi, Elizabeth Munn, Fischer Mustin, Tanoa Sasraku, Jame St Findlay, and Norberto Spina.

Deepening our connection
We continue to strive to become an inclusive place to work and study. In the autumn term, staff undertook neurodiversity training with the ADHD Foundation. Students and staff have undertaken resilience training. We aim for 30% Black and Global Majority representation among visiting contributors to the RA Schools programme. We anticipate the introduction of a freelancer EDI form so that we can monitor our performance and introduce a target. We continue to monitor our performance in relation to our admissions process, which is reported elsewhere. We plan to undertake further training in the next academic year.

The annual Keeper's Dinner is an opportunity for Patrons and key supporters to meet first-year students. This year's dinner, entitled *A Night of Double Denim*, took place in February 2024 and was hosted by Cathie Pilkington RA, Keeper of the Royal Academy. Djofray Makumbu's acrylic on canvas *Mon Ami* was used for the menu and guests received an edition by third-year student Massimiliano Gottardi.

Studios were open in the temporary spaces at Burlington House and 6 Burlington Gardens for visitors to explore, and performances were given across the two buildings by Lolly Adams, Ilze Aulmane, Kevin Brennan, our Starr Fellow Rashayla Marie Brown, Gusty Ferro, Rosa Klerkx, Zacharia Riley and Jame St Findlay.

This programme of experimental projects, installations and interventions by RA Schools students runs in parallel to the RA Schools academic programme from July to January. This year there were three projects: Lizzie Munn: *The Gold Brow Plumbs the Blue* (25 July – 27 August 2023), Gusty Ferro and Suleman Aqeel: *Turning Into* (5 September – 29 October 2023) and Alex Margo Arden: *Rock Paper Scissors* (7 November 2023 – 7 January 2024). A fourth show, *Three Years* (17 April – 26 May 2024), brought together work by all 32 current RA Schools students in a group exhibition to mark the reopening of the restored studios. From installation and video to sculpture, painting and printmaking, the work on display reflected a cross-section of the complex ecosystem of the RA Schools studios.

Premiums is a testing ground for new and recent work by second years studying at the RA Schools, offering visitors a chance to see new work being developed in their studios. Premiums takes place in the Weston Studio at the heart of both the RA Schools and the Royal Academy and consists of two consecutive group shows. *Premiums 1* (16 January – 25 February 2024) featured the work of Suleman Aqeel, Alex Margo Arden, Rosa Klerkx, Esther Gamsu, and Bishwadhan Rai. *Premiums 2* (5 March – 7 April 2024) featured the work of Gusty Ferro, Rahima Gambo, Charlotte Guérard, Robert O'Leary, and James Sibley.

The *RA Schools Show 2024* presented the work of the 11 artists graduating from the RA Schools in the newly restored studio spaces. Paintings hauntingly restaged images from an Italian past, a large-scale stitched newsprint object evoked the British landscape and the human body, and a moving-image installation created an absurd post-apocalyptic world. The reviewer for London Art Roundup stated: "This isn't just the best student degree show I have had the pleasure to attend, it's one of the best London art shows I've seen this year."

In *Single Black Femme (I Am My Own Institution)* (5 July – 25 August 2024), Rashayla Marie Brown ("RMB") presented new works in photography, assemblage, performance, and legal contracts made during her time as

Starr Fellow at the RA Schools. RMB is an "undisciplinary" artist who changes narratives of power and access through aesthetics, satire, and ethics. She is a practitioner of Lukumí and Buddhism, and her artworks often blur the lines between forms to contradict the hierarchies that they allow to persist.

5. Development

Reinforcing the Academy
We were delighted to secure the support of BNP Paribas, Chrome Hearts, Sean Kelly, Lisson Gallery, and Claridge's for *Marina Abramović*. Chrome Hearts leveraged their support with displays at Selfridges and in their London Mount Row store; they are also producing Marina Abramović clothing. We received support from Royal Academy Trust trustees and individuals for the Marina Abramović Supporters Circle.

We received considerable support towards *Impressionists on Paper: Degas to Toulouse-Lautrec* from the Huo Family Foundation and Kathy Uhde.

For the eighteenth consecutive year, Insight Investment enjoyed sponsorship of the *Summer Exhibition*. We are hugely grateful for their continued support.

We are delighted to welcome UniFor as sponsors of the Architecture Programme.

Deepening our connection
The BNP Paribas sponsorship of *Marina Abramović* enabled over 1,700 16–25-year-olds to see the exhibition for free at a special BNP Paribas Access Art 25 evening event. BNP Paribas Access Art 25 was highly commended in the 2024 UK Sponsorship Awards.

The Claridge's Art Prize was launched, with Daria Blum announced as the winner by Marina Abramović Hon RA at an event at Claridge's in September 2023. We are grateful to Claridge's for supporting the RA Schools. The Claridge's Art Prize won the 2024 Mayfair Times Community Award.

We were thrilled to open the new Julia and Hans Rausing Campus at the RA Schools to supporters and students on 20 May 2024, and saddened to hear of the death of Julia Rausing, whose monumental generosity to the Royal Academy and the RA Schools will be forever remembered.

During the year we were thrilled to reopen the Dunard Life Drawing Room, the Ronald and Rita McAulay Studio, the Jungels-Winkler Family Studio, the Weston Print Workshops, and the Wolfson Studio.

The Patrons enjoyed a busy year with highlights including an international trip with Trustees to Japan and many private collection and studio visits.

Finally, we are extremely grateful for those supporters who left legacy donations to the Royal Academy, which totalled over £0.8m in the year, with a further £0.3m in probate.

6. Corporate Services

The Corporate Services pillar combines the management of Estates, IT, HR, Legal and Governance.

Estates and facilities
January 2023 saw commencement of the restoration and refurbishment of the RA Schools. Knight Harwood were appointed as main contractor and delivered the scheme, designed by David Chipperfield Architects, with Julian Harrap Architects, over the following year. The project achieved sectional completion of Richard Norman Shaw RA's and Sydney Smirke RA's studios in January 2024, enabling 13 students to move in and leave their

temporary studios in the Jillian and Arthur M. Sackler Wing of Galleries. Full practical completion followed on schedule in March 2024. Before opening there was a further ten-week fit-out period with a number of direct works across the campus, including the return of casts from the RA's Collection, the return of the Schools Library, restoration of the flooring in the Cast Corridor and technical fit-out of the new Time-Based Media Studio. The new campus was officially opened in late May 2024. The final account with the main contractor has now been closed, with the project completed in line with the approved budget of £23.3m.

IT

In February 2024, the RA commissioned external specialists to: (1) Perform a Maturity Assessment Audit; and (2) Review the RA's Cyber Incident Management Planning processes. The Maturity Assessment (element 1) set out to audit the RA's IT and Digital infrastructure, policies, and procedures in line with the NIST1 Cyber Security Framework and help the RA to understand, manage and reduce its cyber risk. The Incident Management Review (element 2) was designed to support the RA in refining its incident response plan based on the NIST Special Publication 800-61 (a handling guide which assists organisations to ensure incidents are managed efficiently and effectively).

The external specialists worked closely with RA teams to conduct a thorough assessment of our incident response capabilities and identify any gaps or weaknesses. They also facilitated a tabletop simulation exercise with the key RA stakeholders, based on a set of realistic scenarios around the *Summer Exhibition*.

A draft report was produced in August 2024 and shared with relevant teams, who are providing feedback and additional information. The Audit and Risk Committee was also updated. The RA's overall score was very high. As ever, there are potential recommendations for improvement, which relevant teams will meet and work through, with support from their external partners.

Human Resources

Our people plan remains as last year, to deliver three main strategic outcomes: firstly, to give all RA staff access to the tools and training they need to excel professionally and perform optimally to deliver our organisational priorities effectively; secondly, to establish the RA as an open and accessible employer that attracts passionate, confident and committed team-players who can collaborate effectively to deliver brilliant, engaging experiences for all our visitors and students; and thirdly, to continue to strive to make the RA a place in which talent and contribution are recognised and where fulfilling careers can be built.

In the year under review, we continued to work to deliver these three strategic outcomes. The management and leadership skills training programme introduced last year is now in its second year and remains very popular. Many of its self-selection modules were fully booked by managers within a few days of launch. Also, in the year we asked RA staff to complete an employee-engagement survey, the first for some years. The response rate of 73% was high and there were many areas of positivity to celebrate. Responses highlighted several areas for focus and work, and the Senior Leadership Team are now driving the action planning process to enable this.

During the year, we commenced work with our consultants Pearn Kandola, who are supporting us in writing and delivering an over-arching Equity, Diversity and Inclusion (EDI) strategy. Our aim is to continue to build an inclusive culture in which all RA employees are supported, heard and respected. The year also saw implementation of a new recruitment platform, permitting us to see the first measurable data on candidates' ethnicity through each stage of the recruitment process. Our rolling programme of EDI training modules (Unconscious Bias, LGBTQ+ Awareness and Bystander) continues, and 67% of RA staff have now attended it.

Our annual report on the Gender Pay Gap once again demonstrated the RA's continued commitment to pay equitably across gender. The report highlighted that on 5 April 2023, 62% of the RA's 332 employees were female. The mean average pay gap remains at 5% (driven by the salary of the Secretary and Chief Executive, male at the time of the report). The median pay gap (1%) is also skewed very slightly in favour of men. The RA

continues to maintain its commitment as a London Living Wage employer, offering the London Living Wage to eligible staff and ensuring that third-party organisations operating at the RA pay their staff on site the London Living Wage as a minimum.

7. Finance

The RA has been significantly impacted by the challenging macro-economic situation with higher rates of inflation, pay pressures, energy price volatility, and higher interest rates all having an impact on the cost side; and with further pressure on the income side, including the "cost of living crisis" and changing audience behaviour, with a sector wide drop in visitors experienced, with the RA itself seeing more than a 30% fall in exhibition attendance.

As reported last year, the RA was facing a material reduction in income from exhibition admission and other on-site sources of income for at least the next three years, together with a smaller annual donation from The Friends of the Royal Academy, such that there was an expectation that it would take longer to return to pre-pandemic levels of income and achieve the key financial target being annual net income from ongoing activities of £5.0m (before interest, depreciation, and amortisation) ("the EBITDA target"). Meeting this target is also required for the RA to meet its other key financial target of free reserves of £4.5m.

At the Council meeting in April 2024, the annual update of the five year Medium Term Plan ("the 2024 MTP") was presented to and approved by the trustees. At the Council meeting in July 2024 the trustees approved the Annual Operating Budget for the year ended 31 August 2025 ("FY24/25 Budget"). This included an update to the operating cash flows for the five year period covered by the 2024 MTP.

The updated 2024 MTP, informed by actual and forecast performance for the year to 31 August 2024, showed a material deterioration in the financial situation. Without taking significant measures, the RA will fall significantly short of the EBITDA target over the short and medium term and be at risk of breaching its £5.0m committed Revolving Credit Facilities and £0.5m overdraft facility by early 2026.

The net expenditure from ongoing activities (before interest, depreciation and amortisation, and excluding emergency support funding for the pandemic, including MGETR and excluding the exceptional one off settlement cost arising from the full buy-in of the defined benefit pension scheme liabilities with an insurer) ("Adjusted Net Expenditure") was £2.3m[2] for the current financial year. The FY24/25 Budget (before taking significant measures) forecasts a further deterioration with Adjusted Net Expenditure of £3.3m, nearly £8.5m lower than the £5.0m EBITDA target. Before taking significant measures, the FY24/25 Budget forecasts a net loss of £7.1m.

If the RA took no action to address this, then, in the financial year ending 31 August 2026, the RA would breach its available credit facilities and would need to place a significant call on the £10.3m in unrestricted funds (as at 31 August 2024) held by the Royal Academy Trust (a separate charity).

The scale of this challenge is having, and will continue to have, a significant impact on the RA's staff and operations. Resources are being dedicated to transforming the organisation and planning is underway to deliver to this.

[2] Adjusted net expenditure" of £2.3m represents total income from ongoing activities (£36.8m) less total expenditure from ongoing activities (£46.2m) of (£9.4m) less net interest payable (£0.2m), depreciation and amortisation (£3.4m), Emergency Support Fund income (£0.5m), and one off settlement costs arising from the full buy-in of the defined benefit pension scheme liabilities with an insurer (£3.7m) plus MGETR (£0.3m)

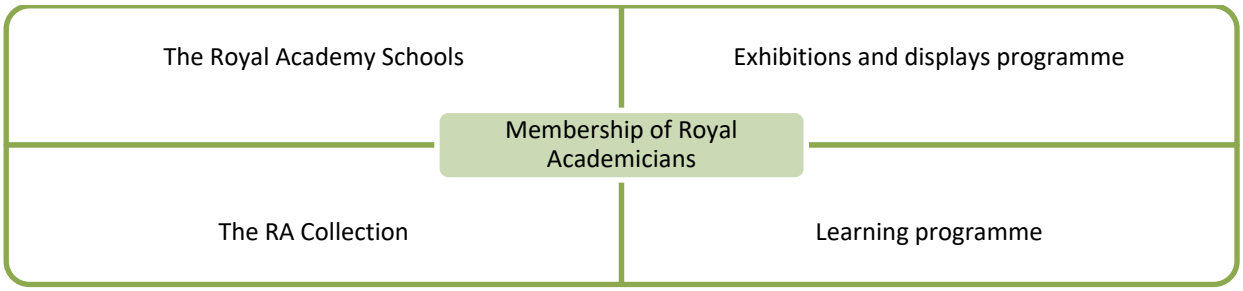
IMPACT AND PUBLIC BENEFIT

The Royal Academy is a pioneering champion of artists and art making in the UK. Founded in 1768 by a group of artists and architects, its core founding purpose was and remains to (i) promote outstanding achievement in art and architecture; (ii) contribute to advancing contemporary practice; and (iii) expand the public's appreciation, enjoyment and understanding of the fine arts.

In delivering this mission, it is our ambition to:

- Stimulate the imagination and unlock the creative potential of everyone who visits us – from the school child to the adult art enthusiast; and, from the aspiring student to a practising professional.
- Meet and challenge the interests and ideas of an increasingly diverse audience through a varied programme which seamlessly extends from our unique experience onsite in Piccadilly to our distinctive online offer.
- Advocate emphatically for the importance of wide access to art education.

Our mission and the impact we have as a charity is driven by five main areas of activity:



Our membership of Royal Academicians

The RA was founded by a group of pre-eminent artists and architects. To this day the Academy is led by its membership, a group of nationally and internationally renowned artists and architects, elected by their peers and appointed for life. They are involved in leading the RA through its topmost governing body, the Council, as well as the General Assembly and its committees. They are the lifeblood of the Academy.

The Royal Academy Schools

The original impetus for setting up the Royal Academy was to professionalise the training of young artists in an art school much like had been happening elsewhere in Europe. Today it is a three year post-graduate programme for up to 17 students per year. The Royal Academy Schools, led by the Keeper and the Curator and Director of the Royal Academy Schools, is considered as one of the leading art schools in the UK and attracts a wide range of European students.

Our renowned exhibitions programme

When the RA was founded, its members established annual exhibitions with a two-fold aim: for the Royal Academicians to display and sell their works and to generate income to fund the Royal Academy Schools. This tradition continues with the annual *Summer Exhibition* that has been held without interruption since the RA's inception. In addition to the annual *Summer Exhibition*, the RA also runs a wide-ranging, ambitious, and much respected programme of international loan exhibitions on art and architecture. Of these, two are held in the Main Galleries, one of the grandest temporary exhibition spaces in the UK, if not in the world. The other gallery spaces are the Jillian and Arthur M. Sackler Wing of Galleries and the Gabrielle Jungels-Winkler Galleries in which a total of three exhibitions are held each year.

The Royal Academy's unique Collection

The RA's unique and wide-ranging Collection was started as a teaching collection for the Royal Academy Schools. From the beginning the Academy also required every Royal Academician to donate a "diploma work" to the Collection. Over time the Collection has grown into a visual record of the RA's membership and history. Valuable works in the Collection range from Michelangelo's *Taddei Tondo*, John Constable RA's *Leaping Horse* and George Stubbs' anatomical drawings and studies of the horse, to diploma works by living artists such as Lubaina Himid RA and Tracey Emin RA. The Collection also contains historic copies after Leonardo's *Last Supper* and Raphael's cartoons for the Sistine Chapel. There is a considerable collection of plaster casts after famous works of art, a sizeable collection of works on paper, photographs, an increasing amount of film, and of silver, furniture, coins, medals, and artists' materials. Our Collection includes an important historic Archive of artists' papers and other records, and a Library collection of rare books. The Library and Archive are well-documented with much available digitally. The Collection is on free public display in the designated Collections Gallery, the Julia and Hans Rausing Hall and Campus, in various parts of the building as part of the ceilings and walls, and in the Fine Rooms which are open selectively at the moment. Access for scholars and researchers is provided several days per week for our Library, Archive and Prints and Drawings Collections, as well as a busy information service by email and a Picture Library service by request.

Our learning and public programmes

In the Academy's founding mission, the Royal Academicians stated that the RA was to "educate the public in creation, enjoyment and understanding of the arts" and learning, by definition, is at the core of any academy. Our learning programmes range from the engagement of teachers and the provision of Collection-based resources for formal learning to families and communities and informal and intergenerational learning with some access-specific programmes. We have a thriving onsite and online public programme offering a range of artists, architects and curators in conversation and there is a termly courses provision offering paid-for practical and art history classes connecting to our Collection and our exhibitions. The Executive Masters in Cultural Leadership is entering a seventh year in partnership with the University of Maastricht, foregrounding the Academy's particular role in leading an independent, artist-led arts charity.

IMPACT MEASURES

Like many charities, the RA must balance delivering on its mission with financial sustainability to ensure its continued relevance.

The RA's Medium Term Plan explicitly articulates the goal to achieve an average net income of at least £5.0m p.a. from ongoing activities (before interest, depreciation, and amortisation) to fund the ongoing maintenance of its 2.5 acre campus and the required investment in technology; periodic plant upgrades and gallery refurbishment programmes; to repay its borrowings and to service its financing costs; and to maintain a level of free reserves, as outlined in the reserves policy on pages 36 - 37. This financial sustainability target has been severely challenged by the impact of the current macro-economic situation following the pandemic, which is considered further on pages 37 - 38 in "Principal risks and uncertainties and risk management" and will continue to be challenged over the coming financial year and beyond.

Alongside the financial goal to achieve sustainability the RA has identified a set of mission related goals.

The RA tracks and monitors a variety of impact measures (as well as Key Performance Indicators, which are considered below). These measures include those pertaining to the RA's activities across exhibitions, RA Schools, Library and Collections, and education; where possible, we aim to measure the delivery of our mission and impact goals numerically, as well as qualitatively and anecdotally.

The current measures will evolve as the organisation better understands which measures are most reliable and informative, and as it introduces new means of tracking and assessing the impact it has but will also have to be

further considered in the light of what is possible for the organisation given the financial constraints in the aftermath of the pandemic.

The exhibition programme provides a mix of subject matter and content for a range of public tastes and is complemented by a programme of activities such as lectures, and workshops aimed at providing opportunities for the public to engage with the subject matter and the institution. The RA's exhibition and public programme continue to measure success and impact both in terms of the overall attendance or reach activities achieve as well as the degree to which the RA can welcome new audiences who might otherwise face barriers to attending. The Royal Academy's pricing policy includes opportunities for those on lower incomes to visit and participate in its programmes by taking advantage of reduced ticket prices and free activities.

During and post-pandemic, the RA has increased its focus on digital programming to keep audiences engaged and to support its mission.

Against our mission and programme of activity, we measure our charitable impact through six main impact metrics (see below). While these represent the highest-level metrics against which we measure our impact each year, we also maintain a more specific set of metrics which give a more granular view of our impact in each area.

At the highest level, the Royal Academy's main charitable impact measures are as follows:

1. Annual attendance to our exhibitions and displays.
2. Annual attendance to the wider public programme.
3. Size of digital audience and social media following.
4. Visitor experience (overall rating of visits).
5. Number of artwork submissions to the *Summer Exhibition* and the *Young Artists Summer Show.*
6. Number of applications received for the Royal Academy Schools three year post-graduate diploma programme.

In 2023/24:

1. Over 607,000 visitors attended the programme of six headline paid exhibitions. There were over 161,000 visitors to the Collections Gallery, which is free to the public. The *Young Artists Summer Show* (which is also free) attracted over 12,000 visits (with nearly a further 16,000 online visits).
2. There were nearly 35,000 engagements with the wider learning and public programme activities.
3. The total social media following across Instagram, Facebook, Twitter, YouTube, LinkedIn and Pinterest was nearly 1.8m, with total website sessions of more than 6.3m across all domains.
4. Visitor experience ratings are captured across six categories, with the average exhibition rating being 4.6 (out of 5) and an overall visitor experience rating of 4.5.
5. There were over 16,200 submissions to the *Summer Exhibition* (which had to be capped) and just under 21,600 for the *Young Artists Summer Show.*
6. There were 670 applications received for the Royal Academy Schools three year post-graduate diploma programme. There are 37 students currently (as of October 2024) being funded in their pursuit of professional artistic development and attainment of a post-graduate diploma at the Royal Academy Schools.

In implementing the stated objectives through the strategies described, the trustees confirm that they comply with their duty to have regard to the Charity Commission guidance on public benefit.

Business review

The "Strategic review" section above sets out the RA's activities in this area over the past year or so, as well as the adoption of the 2023-28 Strategic Plan. A review of the Royal Academy's activities, achievements, and impact has been included in the "Activities, achievements and impact" section, also above. This maps the progress

being made against each of the three core priorities in the plan. The section of this report, which follows, sets out in further detail our strategy and our priorities for the next five years.

STRATEGIC REPORT

Our priorities for the next five years

In early 2023, the Royal Academy published its new strategic plan for the five year period to 2028. The headline ambition of this strategy is articulated as an aim to realise a financially sound, culturally and educationally renowned, and environmentally sustainable RA.

To achieve this, the RA will focus on delivering against three core priorities:

1. **Reinforce the Academy and reaffirm our commitment as an artist-led, practice-centred academy**

The Academy exists to inspire and develop artistic practice at all levels of engagement. Over the next five year period, we aim to reinforce our reputation and proposition as an "academy" – a place for exploration and ideation and a leading advocate for the importance of the creative process and arts education more specifically. As an artist led institution with an art school at our core, we see it as our responsibility to advocate for and enable greater access to art education in the UK. To reinforce the Academy, we will:

- Establish the RA as an influential advocate for art education in the UK.
- Position the RA Schools as a leading and distinctive provider of fine art education.
- Redevelop the RA Schools to deliver an exceptional facility for art students.
- Reinforce our focus on artistic practice across learning, the Collections, architecture, and our wider public programmes.
- Give increased prominence to the Collection and create more opportunity for engagement through an expanded, reimagined, and redeveloped Collection Gallery in the northwest corner of 6 Burlington Gardens.
- Champion outstanding achievement in art and architecture and engage with our Royal Academicians to harness their support for everything we do.
- Develop resilient, creative cultural leaders.

2. **Deepen our connection with the world around**

We believe that art is for everyone and, we are committed to ensuring that the RA is relevant and accessible to the broadest audience. We see it as our responsibility to open new ways into art and to develop a programme which is relevant to and reflects the interests of the diverse society we serve. Over the next five years the RA targets to become more connected with the world around us. We will do this by opening new doors to our mission (online and onsite), extending a warm welcome for all who share our passion; showcasing excellence across an ever-more diverse spectrum of contemporary art and architecture; and fostering deeper connections with the practice of art and living artists. To "deepen our connection", we will:

- Reinforce our investment in a world class exhibitions programme that enriches, delights, and stimulates audiences.
- Prioritise equity, diversity and inclusion across our programmes, audience, students, staff, Royal Academicians, and wider stakeholders to ensure that our offer is inclusive and welcoming.
- Develop a compelling proposition for younger audiences – defining the offer, the pricing models, and the experience for a younger generation.
- Invest in a distinctive digital offer to open new ways into the Royal Academy and its programmes – broadening our reach and deepening our engagement.

3. Strengthen our resilience and rise to the social, economic, and environmental challenges we face

When the Royal Academy was founded over 255 years ago, it was based on the principle that it would fund itself. Over the next five years, in order to preserve our independence and ensure our mission continues to endure the test of time, we must strengthen our resilience to the financial, social and environmental challenges we face. We will achieve this by growing audiences, optimising our assets, maximising the commercial opportunities around our offer; strengthening our resilience to the environmental challenges we face; and ensuring we have the right talent and skills to deliver the ambition we set. To strengthen our resilience, we will:

- Grow our audience and maximise our commercial opportunities to stabilise and sustain our financial position.
- Build an endowment to ensure the long term financial future of the Royal Academy.
- Optimise our estate to ensure that our buildings are designed and maintained to support our mission and commercial opportunities.
- Improve our resilience to extreme weather.
- Reduce our impact on the planet and develop a strategy to deliver a net-zero carbon footprint and an environmental certification.
- Attract the very best talent and support our staff in building their careers to help us deliver our ambitions.

Measuring our progress against the strategy
The following key performance indicators ("KPIs") have been identified as key measures of our progress against our strategic objectives.
Reinforce the Academy:

- Impact and reach of learning and public programme (online and onsite).
- Audience for the Collection (physical displays, website visits, appointments).
- Range and type of new Collection acquisitions and successful care and management of all Collections.
- Number of RA Schools applications (per place and from outside London/UK/Europe).
- Royal Academician engagement (board and committee attendance, number of new nominations).
- Staff engagement (engagement survey, appraisal completion, staff turnover).
- Completion of the Burlington Project Masterplan (refurbishment of the RA Schools; and the new Collection Gallery).

Deepen our connection:

- Total attendance to our programmes.
- Number of Friends in our membership scheme.
- % of "young" Friends (<35) and ticket buyers (<25).
- Spend per visitor (retail).
- Visitor experience (rating of exhibition and of overall visit).
- Engagement and number of digital visitors (unique visitors, website sessions, social media following).
- Diversity profile of our audience, staff, Royal Academicians, students, trustees, artists, speakers.
- Staff satisfaction and engagement scores.

Reinforce our resilience:

- Annual net income from ongoing activities target of £5.0m (before interest, depreciation, and amortisation), together with income and cost sustainability metrics underpinning this target.
- Fundraising return on investment and total amounts raised per annum.
- Staff costs as a percentage of income.
- PPM (Planned Preventative Maintenance) completion rate.
- Energy consumption and GHG (Greenhouse Gas) emissions.
- Staff survey results and Glassdoor ratings.

FINANCIAL REVIEW

Financial results for the year

The results for the current year show net expenditure of £9.2m (2023: net income £0.5m) for core activities, being those ongoing activities directly associated with delivering the charitable objectives, and net income of £0.9m (2023: £6.6m) for the Burlington Project, being the refurbishment and redevelopment of the Royal Academy's buildings and estate. Net expenditure of £9.2m (2023: net income £0.5m) for core activities includes £0.4m (2023: £0.4m) of interest payable; £0.3m (2023: £0.2m) of interest receivable; and £0.2m of investment gains (2023: £0.0m of investment losses). There was net expenditure of £9.3m for core activities (2023: net income £0.8m) excluding net interest payable and investment gains/losses.

Total net movement in funds, includes the recognition of the actuarial loss on the pension scheme totalling £1.1m (2023: £2.2m), and a tax credit of £0.3m (2023: £0.2m) in respect of Museum and Galleries Exhibition Tax Relief, resulting in a deficit of £9.0m (2023: surplus £5.1m).

The ongoing activities deficit, excluding net interest payable and investment gains was £9.3m (2023: surplus of £0.8m). These results are significantly down on those of the previous year, with a decrease of £10.1m. Both years have benefited from income from donations to the Coronavirus Emergency Support Fund ("CESF") of £0.5m (2023: £2.8m), including a £nil (2023: £2.0m) donation from the Royal Academy Trust, as well as legacy income designated to the CESF of £0.5m (2023: £0.8m). Excluding the impact of these items, the deficit would have been £9.8m (2023: £2.0m); an increase in deficit of £7.8m.

During the year, a full buy-in of the Royal Academy's legacy defined benefit pension scheme's liabilities with an insurer, being the first stage towards buy-out and an eventual winding up of the scheme, was successfully concluded. Whilst this is a very positive development for the Royal Academy, under FRS 102 accounting rules the purchase of the insurance policy has resulted in an exceptional one off settlement cost of £3.7m. Included in staff costs are pension service costs / (income) of £4.1m (2023: (£2.0m). This includes this exceptional one off settlement cost of £3.7m and in 2023 a £1.7m reduction in liabilities from data cleansing. Excluding the impact of these one off items, the deficit would have been £6.1m (2023: £3.7m); an increase in deficit of £2.4m.

The reason this year's results are significantly down on the previous year has primarily been driven by a significant increase in the cost base. Material increases in staff costs, including the impact of the increase in the London Living Wage, and other operating costs were experienced primarily due to the impact of inflation. This was largely anticipated and planned for. However, whilst income is only marginally down year on year, and in fact up when excluding income from the CESF, we had planned for more growth this year.

Exhibition visitors in the year were c.607,000, which were over 11.4% higher than the prior year (c.545,000). The Main Galleries exhibition *Marina Abramović* achieved c. 170,000 visitors, but despite critical success *Entangled Pasts, 1768–now: Art, Colonialism and Change* achieved only c. 81,000 visitors. The final Main Galleries exhibition, *Summer Exhibition 2024* achieved c.150,000 visitors c.10% lower than *Summer Exhibition 2023. Impressionists on Paper: Degas to Toulouse-Lautrec* in the Gabrielle Jungels-Winkler Galleries welcomed c. 111,000 visitors, achieving the second highest total attendance for these gallery spaces since these were opened in 2018.

Total income (excluding interest receivable) from ongoing activities for the current year was 0.5% down on the previous year at £36.5m (2023: £36.7m), with expenditure (excluding interest payable) increasing by 27.6% over the same period to £45.8m (2023: £35.9m). Excluding income from the CESF, total income was 6.2% up on the previous year at £36.0m (2023: £33.9m). Also excluding the pension service expenditure/income, expenditure was 10.1% up on the previous year at £41.7m (2023: £37.9m).

The Friends of the Royal Academy, a separate registered charity, donated £10.1m (2023: £10.6m) to the Royal Academy, 4.7% lower than the previous year. The total donation of £10.1m (2023: £10.6m) represented 27.6% (2023: 28.7%) of the RA's total income from ongoing activities.

Exhibition income increased by 16.8% to £7.0m (2023: £6.0m) reflecting both an increase in exhibition visitor numbers, which was also more weighted towards paid visits (rather than visits by Friends), and increased admission prices.

There was a 7.8% increase in income from our trading subsidiaries to £9.6m (2023: £8.9m). Income from commercial activities of £6.9m saw a 9.5% increase on the previous year (2023: £6.3m), with income from entertaining services to the corporate sector 5.2% up at £2.2m (2023: £2.1m), and income from ticketed fundraising events of £0.5m in line with the previous year (2023: £0.5m).

Other income including sponsorship at £2.7m was 10.0% up (2023: £2.4m); with other donations at £5.0m, 5.9% up (2023: £4.7m), including £0.5m emergency fundraising (2023: £0.8m). Grant income was £0.1m (2023: £0.0m).

The increase in expenditure included a 12.0% increase in staff costs to £16.0m (excluding the pension service expenditure of £4.1m recognised for the legacy defined benefit pension scheme) (2023: £14.3m excluding £2.0m pension service income), with average full-time equivalent permanent employees increasing by 4.9% to 301 (2023: 287) and a headline salary increase of 5.0% being awarded in September 2023, with further increases awarded to reflect the incremental impact of a 10% increase in the London Living Wage announced in October 2023.

Other expenditure (excluding depreciation and amortisation) has increased by 9.9% to £22.3m (2023: £20.3m), primarily reflecting an increase in direct exhibition costs, driven by both inflation and the programme; and higher operating costs generally, due both to the impact of inflation and some increase in activity, including the relaunch of premium membership schemes. Depreciation and amortisation charges were up 3.0% at £3.4m (2023: £3.3m).

The Royal Academy put in place a five year £5.0m committed Masterplan Revolving Credit Facility ("Masterplan RCF") in May 2017 to provide the required working capital for the completion of the Burlington Project, as redevelopment costs were incurred in advance of the receipt of pledged donations and to fund the final cost overruns on the project. The facility was most recently extended in February 2023 with the £5.0m commitment expiring in June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2027, which can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid, with the amount then being available again for draw down. This facility was not utilised during the year.

The Royal Academy put in place a five year £2.5m committed Operating Revolving Credit Facility ("Operating RCF") in March 2018 to manage operating working capital requirements. The facility was most recently extended in February 2023 with the £2.5m commitment running to the end of February 2023 and thereafter reducing to a £1.5m commitment to 31 August 2027, which can be drawn down in advances with a minimum value of £0.15m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid, with the amount then being available again for draw down. This facility was not utilised during the year.

The Royal Academy has benefited significantly from the introduction of the Museums and Galleries Exhibition Tax Relief from 1 April 2017, providing much needed financial support to the exhibitions and free display programme amounting to about £0.4m each year to date. The announcement in March 2024, reaffirmed in the Chancellor's Budget in October 2024, that this relief would be made permanent was much welcomed.

The Royal Academy's legacy defined benefit pension scheme had its triennial actuarial valuation as at 31 August 2022 agreed in February 2023 with a £1.7m surplus (105% funded), such that no cash contributions are required. The last contribution was made in January 2020. This improved as at the 31 March 2024 funding update, with the scheme fully funded on a buy-out basis. A Joint Working Group was formed in April 2023 to investigate the feasibility, tasks for completion, timelines and to oversee the process of the full buy-in of the scheme's pension liabilities with an insurer, being the first stage towards buy-out. The buy-in process commenced in Q1 2024, and a deal was successfully concluded with Aviva on 2 July 2024. An insurance buy-out for the scheme should be achievable in a two-year horizon, before the scheme can then move to winding up.

Reserves

The policy of the Royal Academy is to maintain a sufficient level of free reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. A formal policy on reserves was originally agreed at the meeting of Council on 4 October 2011 and approved annually thereafter which states:

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that the Royal Academy's core activities could continue during a period of unforeseen difficulty and that current and future commitments can be honoured.
- A proportion of reserves to be maintained in a readily realisable form.
- The policy is reviewed annually by Council.

Free reserves comprise that part of the total unrestricted funds that are freely available. Arising from the most recent review, the trustees have adopted a risk-based approach to determine an appropriate level of free reserves. The trustees consider it appropriate to have free reserves sufficient to cover a period of unforeseen difficulties and consider this to be the greater of a period of three months, being the normal duration of a Main Gallery exhibition, such that this would allow the Royal Academy to continue running in the circumstances that an exhibition is cancelled without an alternative being viable, and a period of six months, during which the Royal Academy has less than budgeted visitor numbers, due to the impact of external factors, such as the threat of terrorism or a pandemic, reducing the number of visitors to London generally and the RA's campus more specifically.

The trustees have specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2025 and have further considered the medium term cash flow forecasts of the Royal Academy to 31 August 2029 and the long term loan funding in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

Based on this detailed review and analysis, the trustees consider that an appropriate level of free reserves would be in the order of £4.5m to be held by way of operating contingency at all times to enable the Royal Academy to continue operating for a period of three months to cover both a fall in exhibition, trading and voluntary income and fixed operating costs (including salaries) and the prospective financial impact of other uninsured risks or six months, in the event of reduced visitor numbers due to external factors, such as the threat of terrorism or a pandemic.

Actual free reserves as at 31 August 2024

As at 31 August 2024, total unrestricted and non-designated funds stood at £102.9m, including £108.3m of fixed assets. Free reserves, which exclude fixed assets, are therefore in deficit by £5.4m, after taking account of the pension scheme asset of £1.0m and are £9.9m less than the desired level of £4.5m.

The free reserves deficit of £5.4m is represented by net current assets of £3.6m less long term liabilities of £10.0m, which are repayable in ten equal annual instalments from 2035-2044; and the pension scheme asset of £1.0m.

In addition to the net current assets of £3.6m as at 31 August 2024, the Royal Academy has access to both a committed £3.5m Masterplan RCF and a £1.5m Operating RCF to 31 August 2027 and an annually renewable £0.5m overdraft facility, none of which were drawn upon at the year end.

In view of the level of current liquid resources and the long term loan funding and short term facilities in place, which are all available for operational purposes, the trustees consider that the Royal Academy has both sufficient funding and liquidity for the foreseeable future.

In parallel with a wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus post completion of Phase I of the Burlington Project in 2018. Part of the scope of this review was to identify a series of key financial metrics providing a benchmark towards achieving financial sustainability, which included delivering the required level of surplus funds to achieve the target level of free reserves over the long term (being a period of five to seven years). Due to the impact of the broader macro-economic situation, following the pandemic, these metrics are unlikely to be delivered against for an extended period. These financial sustainability metrics are being reconsidered as part of the transformation plan. The period to achieving the target level of free reserves will inevitably be prolonged.

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £52.3m at 31 August 2024 in trust for the Royal Academy, of which £16.8m represents unrestricted funds, including £10.3m that is both unrestricted and not designated. A further £22.1m represents permanent endowment funds, which are accounted for on a total return basis (such that both income and capital appreciation may be distributed), with the remaining £13.4m being restricted funds (including £0.2m which may be used for the general purposes of the Royal Academy). These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy.

Principal risks and uncertainties and risk management

Council, advised by the SLT and other specialist committees, evaluate and monitor risks and ensure systems and controls are subject to regular review. Where appropriate, mitigating actions and improvements are put in place by the SLT.

All risks identified are recorded in an online Risk Register, which is maintained on an ongoing basis and not only includes details of all risks considered but also provides a mechanism for assessing and monitoring those risks, detailing the SLT member responsible and the actions taken to mitigate the risk.

The Risk Register is formulated by the SLT; is reviewed quarterly; and is formally reviewed by the Audit and Risk Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the Audit and Risk Committee. The pandemic has had a significant impact on the RA's operations, financial sustainability and the wider risk landscape and this will continue for some time yet. The effect of the pandemic has been compounded by external global influences. The ongoing Russia / Ukraine conflict and crisis in the Middle East, together with the longer term impact of the pandemic as well as Brexit, has contributed to the macro-economic situation the RA now finds itself in with an extended period of higher inflation and interest rates; higher staffing and energy costs; and the impact of the

"cost of living crisis" on growing back visitor numbers. There has additionally been a reduction in The Friends of the Royal Academy donation to the Royal Academy, arising from diminished Friends' membership income. To address this critical financial situation, planning is underway to deliver the required transformation.

The other highest scoring risks include:

1) the possibility of plant failure in the galleries, including the impact of extreme weather;
2) the threat of attacks on art works;
3) the threat of a data security breach or cyber-attack;
4) delay to the programme and / or a funding shortfall for Phase III of the Burlington Project, for which the construction phase is due to commence in late 2025;
5) financial sustainability, more specifically the risk of not maintaining an adequate level of cash reserves which is linked to the timely delivery of the transformation plan;
6) corporate governance failing to support the delivery of the required transformation of the organisation; and
7) the longer term impact of Brexit on the diversity of the student body in the RA Schools.

External risks include:

8) business interruption arising from a significant external event including civil unrest, terrorism, another pandemic, or extreme weather; and
9) that the RA becomes embroiled in increasingly polarised and entrenched public debate on world events.

These risks are all subject to immediate management consideration to provide mitigation. Mitigation steps include:

1) completion of the plant upgrade programme, together with planned preventative maintenance;
2) security and working practices in place, disaster recovery, business continuity; and communication planning and procedures;
3) continued improvement to cyber security and data protection policies, procedures and controls, including emergency response planning and external "maturity assessments";
4) robust project governance, supported by a strong internal and external project team, and continuing discussions with donors for further funding;
5) financial planning and analysis supporting the medium term cash flow forecasts of the Royal Academy to inform strategic decisions;
6) internal governance guidance and support including enhanced inductions and consistency of approach, with external advice where appropriate;
7) seeking alternative available routes to ensure diversity of students in the RA Schools;
8) disaster recovery and business continuity planning and procedures; and
9) communication planning and processes to address matters arising which impact the RA pertaining to debate on world events.

FUNDRAISING

The RA's approach to fundraising is largely relationship led, through individual donor giving, memberships of the RA, capital appeals, legacies, and corporate sponsorship. The RA does not generally engage with commercial participators and professional fundraisers. The RA does not carry out house-to-house fundraising or street collections.

The RA is registered with the Fundraising Regulator and has submitted its annual complaints return to the Fundraising Regulator. The RA complies with applicable regulation regarding fundraising and in addition puts the privacy of our supporter data at the heart of everything we do. We manage personal data respectfully and responsibly in accordance with our published privacy policy.

In the period 1 April 2023 to 31 March 2024, there were 344 instances which we have treated as complaints associated with fundraising and membership and reported to the Fundraising Regulator. This compares to a figure of 289 in the previous year. For the first time, included in these figures are individuals marking emails received as "spam" (89 incidences), which we have treated as complaints under "email fundraising". As in previous years, the total number of complaints includes membership cancellations due to increased price. It remains the case, therefore, that these figures do not include any complaints in the strict sense. The number of cancellations is lower than the previous year. This is a comparatively low figure for the sector and given our activities. This represents the degree with which we have developed our processes to ensure we put our supporters and the safeguarding of their data at the centre of everything we do. Nevertheless, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our supporter relations team investigate each complaint, and we do all we can to resolve complaints and ensure supporters are happy with our work.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees or members of Council (who are also directors of the Royal Academy for the purpose of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 charity will continue in business; and
- observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that 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.

AUDIT INFORMATION

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Moore Kingston Smith LLP as the Royal Academy's auditors will be put to the forthcoming General Assembly.

On behalf of the Council

Rebecca Salter PRA
President

Prof Peter St John (Adam Caruso and Peter St John RA)
Treasurer

The Royal Academy of Arts
Burlington House
Piccadilly
London W1J 0BD

Date: 3 December 2024

Opinion

We have audited the financial statements of The Royal Academy of Arts (the "parent charitable company") and its subsidiaries (the "group") for the year ended 31 August 2024 which comprise the group Statement of Financial Activities, the group and parent charitable company Balance Sheets, the group Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 August 2024 and of the group's incoming resources and application of resources, including its 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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 group's and parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained in the 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.

Other information (continued)

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 course of 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 themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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

As explained more fully in the statement of trustees' responsibilities set out on page 40, 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 group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

The objectives of our audit in respect of fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent charitable company.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the group and charitable company complies with these requirements by discussions with management and those charged with governance;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations; and
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of this 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 which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Date: 3 December 2024

6th Floor
9 Appold Street
London EC2A 2AP

The Royal Academy of Arts
Consolidated Statement of Financial Activities
(including an income and expenditure account)
For the year ended 31 August 2024

	Note	Ongoing activities				Burlington Project		
		Unrestricted funds 2024 £'000	Designated funds 2024 £'000	Restricted funds 2024 £'000	Endowment funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Income from:								
Donations and legacies								
General donations from RAT*		1,145	-	-	-	-	**1,145**	3,317
Other donations from RAT*:								
Burlington Project		-	-	-	-	200	**200**	-
Cataloguing project		-	-	-	-	-	**-**	2
Other projects		-	-	532	-	-	**532**	411
Donations from Friends of the RA		10,105	-	-	-	-	**10,105**	10,598
Other donations	5	2,407	522	2,062	-	835	**5,826**	11,203
Grant income	6	-	-	105	-	-	**105**	12
Charitable activities								
Exhibitions		7,026	-	-	-	-	**7,026**	6,015
Schools		27	-	-	-	-	**27**	2
Collections		24	-	-	-	-	**24**	32
Education		255	-	-	-	-	**255**	225
Other trading activities								
Income from trading subsidiaries	7	9,602	-	-	-	-	**9,602**	8,910
Sponsorship, rent and other receipts		2,694	-	-	-	-	**2,694**	2,448
Investments								
Bank interest		273	1	-	2	241	**517**	596
Investment income		4	16	7	21	-	**48**	59
Total income		33,562	539	2,706	23	1,276	**38,106**	43,830
Expenditure on:								
Raising funds								
Fundraising**	9	(5,744)	-	-	-	-	**(5,744)**	(3,913)
Expenditure from trading subsidiaries	7	(7,620)	-	-	-	-	**(7,620)**	(6,841)
Charitable activities**	10	(29,183)	(523)	(3,192)	1	(20)	**(32,917)**	(25,596)
Other								
Relocation costs		-	-	-	-	(323)	**(323)**	(346)
Total expenditure		(42,547)	(523)	(3,192)	1	(343)	**(46,604)**	(36,696)
Increase in value of investment property	18.d	-	-	35	-	-	**35**	27
Net gains / (losses) on investments	19	17	66	28	87	-	**198**	(39)
Net income / (expenditure)	11	(8,968)	82	(423)	111	933	**(8,265)**	7,122
Transfers between funds	24-26	20,869	2	197	(111)	(20,957)	**-**	-
Other gains / (losses)								
Tax credit	15	345	-	-	-	-	**345**	213
Remeasurement of defined benefit pension scheme asset	29	(1,093)	-	-	-	-	**(1,093)**	(2,248)
Net movement in funds		11,153	84	(226)	-	(20,024)	**(9,013)**	5,087
Total funds brought forward		91,740	649	3,641	775	21,785	**118,590**	113,503
Total funds carried forward		**102,893**	**733**	**3,415**	**775**	**1,761**	**109,577**	118,590

All gains and losses arising in the year are included in the Statement of Financial Activities and derive from continuing activities.

* RAT denotes Royal Academy Trust

** Expenditure on fundraising and charitable activities includes the exceptional one off settlement cost of £3,720,000 (2023: £nil) arising from the full buy-in of the defined benefit pension scheme liabilities with an insurer (see notes 9, 10, 14 and 29)

The Royal Academy of Arts
Balance Sheets as at 31 August 2024

	Note	Group 2024 £'000	Group 2023 £'000	Royal Academy 2024 £'000	Royal Academy 2023 £'000
Fixed assets					
Intangible assets	17	207	170	128	110
6 Burlington Gardens	18.c	66,435	66,393	66,435	66,393
Other tangible fixed assets	18.a,b	42,602	34,118	42,602	34,103
Heritage assets	16	1,594	1,574	1,594	1,574
Investment property	18.d	1,225	1,190	1,225	1,190
Other investments	19	2,018	1,766	2,018	1,766
Total fixed assets		114,081	105,211	114,002	105,136
Current assets					
Stock		1,081	1,055	-	-
Debtors	20	4,437	4,362	4,588	5,012
Cash and cash equivalents		4,707	18,049	4,682	17,793
Total current assets		10,225	23,466	9,270	22,805
Creditors - amounts falling due within one year	21	(5,740)	(6,109)	(4,706)	(5,373)
Net current assets		4,485	17,357	4,564	17,432
Total assets less current assets		118,566	122,568	118,566	122,568
Creditors - amounts falling due after more than one year	22	(10,000)	(10,163)	(10,000)	(10,163)
Net assets excluding pension scheme asset		108,566	112,405	108,566	112,405
Defined benefit pension scheme asset	29	1,011	6,185	1,011	6,185
Total net assets		109,577	118,590	109,577	118,590
The funds of the charity:					
Endowment funds	24	775	775	775	775
Restricted funds	25	5,176	25,426	5,176	25,426
Unrestricted funds:					
Designated funds	26	733	649	733	649
General funds		101,882	85,555	101,882	85,555
Pension reserve	29	1,011	6,185	1,011	6,185
Total unrestricted funds		103,626	92,389	103,626	92,389
Total charity funds		109,577	118,590	109,577	118,590

Approved and authorised for issue by the President and Council of The Royal Academy of Arts on 3 December 2024

..... President
Rebecca Salter PRA

..... Treasurer
Prof Peter St John (Adam Caruso and Peter St John RA)

Registered Company No. 06298947

The Royal Academy of Arts
Consolidated Statement of Cash Flows
For the year ended 31 August 2024

	Note	2024 £'000	2023 £'000
Net cash provided by operating activities	28	**(1,552)**	8,967
Tax credit received		**286**	157
Cash flow from investing activities			
Interest paid	11	**(441)**	(445)
Interest received		**517**	596
Dividends and interest from investments		**48**	59
Payments to acquire intangible fixed assets	17.a	**(118)**	(164)
Payments to acquire tangible fixed assets	18.a,c,d	**(11,808)**	(8,342)
Payments to acquire heritage assets	16	**-**	(14)
Payments to acquire fixed asset investments	19	**(101)**	-
Net movement in cash held in the investment portfolio	19	**47**	(63)
Net cash used in investing activities		**(11,856)**	(8,373)
Cash flows from financing activities			
Bank loan repayments	22	**(220)**	(220)
Net cash used in financing activities		**(220)**	(220)
Net change in cash and cash equivalents		**(13,342)**	531
Cash and cash equivalents at the beginning of the year		**18,049**	17,518
Cash and cash equivalents at the end of the year		**4,707**	18,049
Analysis of cash and cash equivalents:			
Cash at bank and in hand		**4,707**	18,049
Total cash and cash equivalents		**4,707**	18,049

Analysis of changes in net debt:		Opening £'000	Cash flows £'000	Closing £'000
Cash		18,049	(13,342)	**4,707**
Loans falling due within one year	21	(220)	57	**(163)**
Loans falling due after more than one year	22	(10,163)	163	**(10,000)**
Total		**7,666**	**(13,122)**	**(5,456)**

1 General information

The Royal Academy of Arts ("Royal Academy") and its subsidiaries (together "the Group") continues to aspire to promote the arts of design and educate the public in the creation, appreciation and enjoyment of arts. The registered office is Burlington House, Piccadilly, London.

The Royal Academy is a company limited by guarantee and a registered charity and incorporated in England and Wales.

The Royal Academy is a Public Benefit Entity as defined by FRS 102.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charities Act 2011 and Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest thousand.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Royal Academy and its three trading subsidiaries: RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2024. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 7 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual SOFA. The Royal Academy only deficit (net movement in funds) was £9,013,000 (2023: surplus of £4,592,000).

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. 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 Royal Academy 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 and have considered the macro-economic situation the Royal Academy now finds itself in following an extended period of higher inflation and interest rates; and the impact of the “cost of living crisis” and changes in customer behaviours on growing back visitor numbers.

2 Summary of significant accounting policies (continued)

b. Going concern (continued)

In particular, the trustees have considered the sensitivity of forecasts and plans. They have taken account of the related pressures on its key sources of income from donations, in particular the annual donation from the Friends of the Royal Academy; sponsorship and admission income from its exhibitions programme; and from its trading activities, including onsite and online retail and corporate membership and lets. The trustees have further reviewed its underlying cost base and its expenditure on both its charitable and fundraising activities, as well as from commercial trading, supporting these key sources of income and the impact of the higher rates of inflation which have been experienced on these, including the effect of salary increases particularly impacted by the rise in the London Living Wage. The trustees have further considered the scope and objectives of the planning that is seeking to address the Royal Academy's current financial situation over both the short and medium term.

The Group has unrestricted net current assets of £3.6m as at the year end. The Group also has access to a committed £3.5m Masterplan Revolving Credit Facility and £1.5m Operating Revolving Credit Facility to 31 August 2027 and an annually renewable £0.5m overdraft facility. None of these facilities were drawn upon as at the year end.

In addition, the Royal Academy Trust, an independent charity established to specifically provide support to the Royal Academy, held funds of £52.4m at 31 August 2024 in trust for the Royal Academy, of which £16.8m are unrestricted, including £10.3m that is both unrestricted and not designated, and £0.2m of restricted funds held in the Paul Mellon Endowment fund, which may be used for the general purposes of the Royal Academy.

In view of the level of current liquid resources; the long term loan funding and short term facilities in place; and the ongoing support of the Royal Academy Trust, the trustees consider that the Group has both sufficient funding and liquidity for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

2 Summary of significant accounting policies (continued)

d. Funds structure (continued)

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds, where Council have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Royal Academy, including the general fund which represents the Group's reserves. The major funds held in each of these categories are disclosed in notes 24 to 26.

Transfers between funds represents the funds transferred between restricted funds to the general unrestricted fund on completion of projects and restrictions being satisfied.

e. Burlington House

The Royal Academy holds a 999 year lease on Burlington House, of which almost 850 years remain, title to which is vested in the Secretary of State for the Department of Communities and Local Government. The rent of the property is nominal, but it is the responsibility of the Royal Academy to maintain the property in a sound condition. The property is inalienable in that its ownership reverts to the Government if it is no longer used by the Royal Academy. The property works carried out on the galleries, Royal Academy Schools and Library are principally to maintain the fabric in its original condition and ensure an adequate environment for the exhibits. As the value of these works is part of the fabric of the building and cannot be realised, these are not recognised in the balance sheet except in the case of building improvements as detailed in the fixed assets and depreciation policy described below.

f. Heritage assets

The Royal Academy holds a collection of works of art, which consists of paintings, sculptures and prints, together with a library of books acquired by the Royal Academy by donation, bequest and from members on election to the Royal Academy ("Diploma Works").

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Royal Academy. In particular, the Diploma Works have an intrinsic value to the Royal Academy collection as an embodiment of the development of the Royal Academy as an institution. The manner in which they are given to the Royal Academy makes the valuation of these items very subjective, such that a reliable value cannot be arrived at. Furthermore, the cost of valuing the entire collection would be onerous compared with the benefit derived by users of the financial statements in assessing the Royal Academy's stewardship of these assets.

2 Summary of significant accounting policies (continued)

f. Heritage assets (continued)

As such, the Royal Academy does not recognise these assets on its balance sheet other than acquisitions made since 1 April 2010 with a value of £10,000 or more. These are reported at cost where the asset is purchased or at the curator's best estimate of current value where the asset is donated. Such assets are not depreciated but are reviewed for impairment in the event of physical deterioration. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Expenditure which is required to preserve or prevent further deterioration of the collection is recognised in the SOFA when it is incurred.

g. Foreign currency

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

h. Intangible assets

Computer software and website costs are stated at cost less accumulated amortisation and impairment losses. These are amortised over their estimated useful life, of three to five years, on a straight line basis.

i. Tangible assets

Expenditure on building improvements, new machinery and equipment is capitalised as fixed assets and stated at cost less accumulated depreciation. The Royal Academy applies a £1,000 threshold to the capitalisation of fixed assets. Depreciation is charged at the following rates on a straight line basis:

Building improvements	5 to 50 years
Computers	3 to 5 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 15 years
Motor vehicles	over 3 years

Short leasehold property improvements are depreciated over the period of the lease.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment.

Investment property has been capitalised and included in fixed assets initially at cost and subsequently at fair value at the reporting date. Changes in fair value are recognised in the SOFA.

No depreciation is charged on assets in course of construction. Where assets are constructed as part of a project for which specific identifiable assets are brought into service before the overall project is completed, such assets will be transferred from assets in course of construction to building improvements or fixtures, fittings and equipment as appropriate and depreciated from the date these are placed in service.

2 Summary of significant accounting policies (continued)

j. Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

Incentives received to enter into operating leases are credited to the SOFA to reduce the lease expense, on a straight line basis over the period of the lease.

k. Stock

Stock principally consists of shop and e-commerce products and is valued at the lower of cost and net realisable value. In the case of artworks provided by an artist these items are recognised in the financial statements at their anticipated sales price, less anticipated cost of sales and any subsequent impairment.

l. Income

Income, which is stated net of VAT where applicable, and intra-group transactions, consists of box office takings, sponsorship, donations and grants.

Income received for an activity taking place in a subsequent period is deferred to that period in accordance with FRS 102, except where that income relates to an exhibition where the accounting policy outlined below is followed.

i. Exhibitions

The results of exhibitions are recognised in the financial statements of the year in which the majority of the exhibition takes place. Costs incurred and income received, including sponsorship income, in connection with forthcoming exhibitions, where the majority of the exhibition falls after the year end, are deferred at the balance sheet date. If a decision is made not to proceed with an exhibition, the costs are written off. Commission on art sales at the Royal Academy's *Summer Exhibition* is recognised at the point of sale by the artist.

ii. Donated services

Where an artist has donated their services, for example, in the creation of artworks or artworks themselves, to be sold alongside an exhibition, the donated services or artworks are recognised in the financial statements in accordance with the policy for exhibitions income disclosed above.

Other donated services are recognised when these have been delivered and are valued at the amount the Royal Academy would be prepared to pay for a similar service.

iii. Patrons

Patrons income is recognised in the financial statements on a cash received basis.

iv. Grants

For performance related grants, income entitlement is considered to be conditional upon the meeting of conditions imposed by the grant. Income is therefore recognised in the financial statements to the extent that the Royal Academy has demonstrably met any grant conditions imposed.

2 Summary of significant accounting policies (continued)

l. Income (continued)

iv. Grants (continued)

Non-performance related grants are recognised when there is evidence of entitlement, receipt is probable (more likely than not) and its amount can be measured reliably.

v. Donations

Donations and related Gift Aid are accounted for when the donation is received. If donations are specifically in connection with a future event, these are restricted; if specifically in connection with a future exhibition, these follow the policy set out in 2.l.i..

vi. Trading subsidiary income

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and VAT.

Turnover is recognised at the point of sale for goods and when services have been delivered. Subscriptions are accounted for in the period in which membership commences.

m. Legacies

Legacies are accounted for as income where there is clear entitlement; the amounts can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the charity's control

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

n. Expenditure

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised when there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable a transfer of economic benefit will be required in settlement and the amount can be measured reliably.

Expenditure on raising funds consist of costs of trading subsidiaries and fundraising expenditure. These include the direct costs of the department, including the running costs of sponsorship, fundraising and events, together with a share of the support costs of the Royal Academy.

Charitable activities include all costs related to the main purpose of the Royal Academy and include: direct costs of exhibitions and the associated education programme; running the Royal Academy Schools; and the conservation of the permanent collection and the Library. Publicity costs are allocated to Exhibitions, Royal Academy Schools, Collections and Education based on the income from each area.

2 Summary of significant accounting policies (continued)

n. Expenditure (continued)

Support costs are the costs of departments which are shared by the various activities of the Royal Academy: Finance, Human Resources, Information Technology, Facilities and governance costs. These costs are allocated to activities on a basis that is appropriate to the nature of the expenditure and have therefore been allocated over headcount.

o. Employee benefits

The Royal Academy provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined benefit pension plan

The Royal Academy of Arts Pension Scheme ("the Scheme") is a defined benefit pension scheme closed to future accrual on 30 September 2016. A full buy-in of the Scheme's pension liabilities with an insurer, being the first stage towards buy-out and an eventual winding up of the Scheme, was successfully concluded with Aviva on 2 July 2024. Pension assets and liabilities are recorded in line with Section 28 of FRS 102. With scheme valuations undertaken by independent actuaries, FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, which include the settlement cost arising from the purchase of the insurance policy on 2 July 2024 at the purchase settlement date of 9 July 2024, expenses in respect of the buy-in and the transition to buy-out, and from 1 July 2024 the expenses of operating the Scheme, together with the net interest for the year, are allocated to relevant expenditure headings within the SOFA. Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the Scheme liabilities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of surplus attributable to members is recognised in unrestricted funds in the SOFA within remeasurement of the defined benefit pension scheme asset. The resulting defined benefit pension scheme asset is presented separately on the face of the balance sheet in unrestricted funds. The Royal Academy recognises an asset for its Scheme to the extent this is considered recoverable through reduced contributions in the future, or through refunds from the Scheme. The trustees of the Scheme believe that the Scheme currently meets the minimum funding requirements. The assets of the Scheme are held completely independently from the Royal Academy.

The income and expense related to the Scheme is allocated entirely to the unrestricted ongoing activities of the Group.

iii. Defined contribution pension plans

The Royal Academy operates two defined contribution plans for its employees. The contributions are recognised as an expense when these are due. Amounts not paid are shown in accruals in the balance sheet.

2 Summary of significant accounting policies (continued)

o. Employee benefits (continued)

iv. Termination payments

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Royal Academy recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

p. Administered funds

Investments held by the administered funds are stated at market value at the balance sheet date. Dividend income from investments is recognised on an accruals basis.

q. Investments

i. Investment properties

Investment properties comprise those held solely for either their rental income and/or capital appreciation. They are carried at fair value.

ii. Other investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. Unlisted investments are stated at cost as no market value is available. The SOFA includes any realised or unrealised gain or loss during the year. Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

r. Financial instruments

Financial instruments are recognised in the Royal Academy's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Royal Academy after deducting all of its liabilities.

i. Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

2 Summary of significant accounting policies (continued)

r. Financial instruments (continued)

ii. Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

iii. Impairment of financial assets

Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

iv. Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

v. Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

vi. Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments 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.

a. Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. These are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 17 and 18 for the carrying value of assets and note 2.h and 2.i for the useful economic lives.

b. Impairment of debtors

The Royal Academy makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

c. Defined benefit pension scheme asset

The determination of the assumptions used in calculating the defined benefit pension scheme asset is the responsibility of the trustees of the Royal Academy, with delegated authority to the Director of Finance. The assumptions are set with regard to advice given by the scheme actuary.

4 Prior year comparatives by type of fund

The SOFA provides the prior year comparatives in total; this note provides prior period comparatives for each of the types of funds.

		Ongoing activities				Burlington Project	
		Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Restricted funds	Total
		2023	2023	2023	2023	2023	2023
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Donations and legacies							
General donations from RAT*		1,317	2,000	-	-	-	**3,317**
Other donations from RAT*:							
Cataloguing project		-	-	2	-	-	**2**
Other projects		-	-	411	-	-	**411**
Donations from Friends of the RA		10,598	-	-	-	-	**10,598**
Other donations	5	2,169	802	1,740	-	6,492	**11,203**
Grant income	6	-	-	12	-	-	**12**
Charitable activities							
Exhibitions		6,015	-	-	-	-	**6,015**
Schools		2	-	-	-	-	**2**
Library		32	-	-	-	-	**32**
Education		225	-	-	-	-	**225**
Other trading activities							
Income from trading subsidiaries	7	8,910	-	-	-	-	**8,910**
Sponsorship, rent and other receipts		2,448	-	-	-	-	**2,448**
Investments							
Bank interest		175	-	-	-	421	**596**
Investment income		-	20	10	29	-	**59**
Total income		31,891	2,822	2,175	29	6,913	**43,830**
Expenditure on:							
Raising funds							
Fundraising	9	(3,913)	-	-	-	-	**(3,913)**
Expenditure from trading subsidiaries	7	(6,841)	-	-	-	-	**(6,841)**
Charitable activities	10	(20,189)	(2,803)	(2,605)	1	-	**(25,596)**
Other							
Relocation costs		-	-	-	-	(346)	**(346)**
Total expenditure		(30,943)	(2,803)	(2,605)	1	(346)	**(36,696)**
Increase in value of investment property	18.d	-	-	27	-	-	**27**
Net losses on investments	19	-	(13)	(7)	(19)	-	**(39)**
Net income / (expenditure)	11	948	6	(410)	11	6,567	**7,122**
Transfers between funds	24 - 26	86	-	16	(28)	(74)	**-**
Other gains / (losses)							
Tax credit	15	213	-	-	-	-	**213**
Remeasurement of defined benefit pension scheme asset	29	(2,248)	-	-	-	-	**(2,248)**
Net movement in funds		(1,001)	6	(394)	(17)	6,493	**5,087**
Total funds brought forward		92,741	643	4,035	792	15,292	**113,503**
Total funds carried forward		**91,740**	**649**	**3,641**	**775**	**21,785**	**118,590**

* RAT denotes Royal Academy Trust

5 Income from other donations

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Total £'000
2024				
Exhibitions	584	-	1,074	**1,658**
Schools	20	-	542	**562**
Education	203	-	373	**576**
General - Other	1,288	-	73	**1,361**
Burlington Project - Phase II/III	-	-	835	**835**
CESF *	-	1	-	**1**
Legacies	312	-	-	**312**
Legacies - CESF *	-	521	-	**521**
Total	**2,407**	**522**	**2,897**	**5,826**
2023				
Exhibitions	552	-	759	1,311
Schools	20	-	918	938
Education	63	-	63	126
General - Other	1,224	-	-	1,224
Burlington Project - Phase II/III	-	-	6,492	6,492
CESF *	-	71	-	71
Legacies	302	-	-	302
Legacies - Education	8	-	-	8
Legacies - CESF *	-	731	-	731
Total	2,169	802	8,232	11,203

* Coronavirus Emergency Support Fund

6 Income from grants

	Restricted funds £'000	Total £'000
2024		
Exhibitions	102	**102**
Education	3	**3**
Total	**105**	**105**
2023		
Education	12	12
Total	12	12

7 Results from subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, which operates a shop and e-commerce business, a restaurant and cafés, a publications and art sales business and commercial learning; RA (Arts) Limited, which provides entertainment services to the corporate sector; and Burlington House Limited, which raises funds from the corporate sector and individuals through ticketed events. These companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy. The registered offices of all subsidiaries is Burlington House, Piccadilly, London. A summary of their trading results is shown below. Audited financial statements for these subsidiaries are filed annually with the Registrar of Companies.

		R.A. Enterprises		RA (Arts)		Burlington House	
Profit and Loss:	Total	Limited		Limited		Limited	
	2024	**2024**	2023	**2024**	2023	**2024**	2023
	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Turnover	**9,602**	**6,886**	6,289	**2,225**	2,115	**491**	506
Cost of sales	**(3,963)**	**(2,793)**	(2,942)	**(860)**	(136)	**(310)**	(269)
Administrative expenses	**(3,657)**	**(3,206)**	(3,040)	**(432)**	(421)	**(19)**	(33)
Total expenses	**(7,620)**	**(5,999)**	(5,982)	**(1,292)**	(557)	**(329)**	(302)
Net result	**1,982**	**887**	307	**933**	1,558	**162**	204
Distribution to the Royal Academy	**(1,982)**	**(887)**	(271)	**(933)**	(1,558)	**(162)**	(204)

No charge to taxation will arise as the companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy.

Balance Sheet:							
Fixed assets							
Intangible fixed assets	**78**	**78**	60	**-**	-	**-**	-
Tangible fixed assets	**2**	**2**	16	**-**	-	**-**	-
Total fixed assets	**80**	**80**	76	**-**	**-**	**-**	**-**
Current assets							
Stock	**1,081**	**1,081**	1,055	**-**	-	**-**	-
Debtors	**1,216**	**616**	544	**563**	516	**37**	7
Cash and cash equivalents	**25**	**25**	202	**-**	-	**-**	54
Total current assets	**2,322**	**1,722**	1,801	**563**	516	**37**	61
Current liabilities							
Creditors - amounts falling due within one year	**(2,402)**	**(1,802)**	(1,877)	**(563)**	(516)	**(37)**	(61)
Net current liabilities	**(80)**	**(80)**	(76)	**-**	-	**-**	-
Total assets less total liabilities	**-**	**-**	-	**-**	-	**-**	-
Capital and reserves							
Called up share capital	**-**	**-**	-	**-**	-	**-**	-
Profit and loss reserves	**-**	**-**	-	**-**	-	**-**	-
Total equity	**-**	**-**	-	**-**	-	**-**	-

8 Support costs

2024	Finance £'000	IT £'000	Personnel £'000	Facilities £'000	Governance £'000	Total £'000
Exhibitions	1,228	695	275	3,290	292	**5,780**
Schools	264	150	59	708	63	**1,244**
Collections	218	123	49	583	52	**1,025**
Education	357	202	80	958	85	**1,682**
Publicity (note 10)	637	255	101	1,208	107	**2,308**
Fundraising (note 9)	451	361	143	1,707	152	**2,814**
2024 total	**3,155**	**1,786**	**707**	**8,454**	**751**	**14,853**

Finance costs include interest payable and similar charges of £440,562 (2023: £445,427).

2023	Finance £'000	IT £'000	Personnel £'000	Facilities £'000	Governance £'000	Total £'000
Exhibitions	1,018	581	232	2,210	273	4,314
Schools	220	126	50	478	59	933
Collections	179	102	41	388	48	758
Education	248	141	57	538	66	1,050
Publicity (note 10)	550	204	82	777	96	1,709
Fundraising (note 9)	358	314	126	1,195	148	2,141
2023 total	2,573	1,468	588	5,586	690	10,905

9 Fundraising

	2024 £'000	2023 £'000
Direct fundraising costs	**2,930**	1,772
Support costs (note 8)	**2,814**	2,141
Total	**5,744**	3,913

Total fundraising costs include £371,000 (2023: £nil) of the total exceptional one off settlement cost of £3,720,000 (2023: £nil) arising from the full buy-in of the defined benefit pension scheme liabilities with an insurer (see notes 14, 29).

10 Charitable activities

2024	Direct costs £'000	Support costs £'000	Publicity costs (i) £'000	Total £'000
Exhibitions	12,083	5,780	6,063	**23,926**
Schools	1,751	1,244	23	**3,018**
Collections	1,370	1,025	21	**2,416**
Education	1,655	1,682	220	**3,557**
Total	**16,859**	**9,731** (note 8)	**6,327**	**32,917**

10 Charitable activities (continued)

2023	Direct costs £'000	Support costs £'000	Publicity costs (i) £'000	Total £'000
Exhibitions	10,495	4,314	4,620	19,429
Schools	1,339	933	2	2,274
Collections	933	758	25	1,716
Education	954	1,050	173	2,177
Total	13,721	7,055	4,820	25,596

Total charitable activities costs include £3,349,000 (2023: £nil) of the total exceptional one off settlement cost of £3,720,000 (2023: £nil) arising from the full buy-in of the defined benefit pension scheme liabilities with an insurer (see notes 14, 29).

Exhibitions expenditure includes the direct costs of mounting all loan exhibitions and the *Summer Exhibition* and all associated costs, such as curatorial staff, art handling, security, press and box office.

i. Publicity costs comprise direct publicity costs and an allocation of support costs analysed as follows:

	2024 £'000	2023 £'000
Direct publicity costs	4,019	3,111
Support costs (note 8)	2,308	1,709
Total	6,327	4,820

11 Net income / (expenditure)

	2024 £'000	2023 £'000
This is stated after charging:		
Amortisation	81	88
Depreciation	3,270	3,166
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	87	67
Audit services - defined benefit pension scheme	11	9
Other services	36	13
Interest payable and similar charges (see note 8)	441	445

External auditors other services relate to tax compliance and other advice.

The total lease expenditure incurred in the year was £395,832 (2023: £261,943).

12 Role of volunteers

Like all charities, the Royal Academy, uses a team of volunteers. In 2024 the Royal Academy engaged 8 (2023: 6) volunteers across both its Learning and Collections departments.

12 Role of volunteers (continued)

In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the financial statements.

13 Officers' and Council members' remuneration

	2024 £'000	2023 £'000
Officers' remuneration, excluding pension contributions, is as follows		
President	70	70
Keeper	50	50
Secretary and Chief Executive	237	230
Treasurer	40	40
Total	397	390

Remuneration for officers is set by the People and Remuneration Committee.

One officer (2023: one) received pension contributions totalling £23,719 (2023: £20,921).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. Two (2023: three) trustees received reimbursed expenditure of:

	2024 £'000	2023 £'000
Travel	1	3
Other	1	1
Total	2	4

Trustee indemnity insurance costs for the year totalled £15,721 (2023: £14,508).

14 Staff costs

	2024 £'000	2023 £'000
Salaries and wages	13,688	12,222
Social security costs	1,328	1,183
Redundancy and termination payments	31	40
Pension contributions - defined contribution schemes	958	843
Pension service expense / (income) - defined benefit pension scheme	4,081	(1,989)
Total	20,086	12,299

Staff costs include payroll for temporary as well as permanent staff. The increase in salaries and wages includes the impact of an increase in full-time equivalent employees and the annual pay increase.

14 Staff costs (continued)

The key management personnel of the Royal Academy, and Group, comprise the Senior Leadership Team, trustees and officers. Total remuneration of key management personnel during the year was £1,466,779 (2023: £1,399,785).

Pension service expense / (income) – defined benefit pension scheme includes the exceptional one off £3,720,000 (2023: £nil) settlement cost arising from the purchase of an insurance policy in July 2024 for all the pension liabilities of the scheme (see also note 29). £371,000 (2023: £nil) has been allocated to fundraising (see note 9) and £3,349,000 (2023: £nil) to charitable activities (see note 10).

The number of employees, including officers, whose remuneration exceeded £60,000, is shown below:

Band:	2024 No.	2023 No.
£60,000 to £69,999	11	11
£70,000 to £79,999	6	6
£80,000 to £89,999	4	1
£90,000 to £99,999	2	3
£100,000 - £110,000	3	1
£130,000 to £139,999	2	2
£140,000 to £149,999	-	1
£150,000 to £160,000	1	-
£230,000 to £240,000	1	1

Pension contributions for the above employees were £234,666 (2023: £192,635).

The average number of permanent employees and full-time equivalent ("FTE") permanent employees, including officers, during the year was:

	Headcount		FTE	
	2024 No.	2023 No.	2024 No.	2023 No.
Charitable activities	135	121	112	100
Fundraising and publicity	68	66	65	63
Trading activities	43	47	37	40
Governance	5	4	5	4
Support	83	82	82	80
Total	334	320	301	287

The number of part-time staff employed by the Royal Academy varies throughout the year, depending on the exhibition programme.

15 Taxation

The Royal Academy is entitled to a tax credit under the Museums and Galleries Exhibition Tax Relief scheme.

	2024 £'000	2023 £'000
Taxation credit		
- For the current year	221	268
- Adjustment in respect of prior year	124	(55)
Total	345	213

16 Heritage assets

The Royal Academy holds assets that fall under the definition of "Heritage Assets". These fall into three broad collections: The Works of Art Collection, The Royal Academy Library and The Royal Academy Archive. Each of these is considered in turn.

All items in these collections are available to view by appointment. Items are also from time to time included in exhibitions at the Royal Academy, as well as being loaned out to other exhibitors.

The Works of Art Collection

The Works of Art Collection consists of works of art and other objects of historic, artistic or associational significance owned by the Royal Academy, namely: paintings, sculpture (including medals, dies, cameos, and intaglio gems); drawings; artists' sketchbooks; individually issued prints; photographs; plaster casts (including pastes of gems); historic skeletons relating to teaching in the Royal Academy Schools; objects of memorabilia, including artists' tools and materials; historic silver and silver-plate; historic items of furniture; picture frames; and certain fittings and fixtures within Burlington House. The Royal Academy holds around 1,015 paintings in its permanent collection and over 37,000 prints and drawings.

The majority of works and objects in the collections date from the foundation of the Royal Academy in 1768 to the present day. Other works include the *Taddei Tondo*, the only marble by Michelangelo in the UK; early copies after the Old Masters, such as those by Giampietrino, Rosso Fiorentino and Sir James Thornhill, and other works, all presented to the RA for the edification of the students in the RA Schools.

The core of The Works of Art Collection is the Diploma Works. These are given by Academicians on election to the institution and are predominantly by British artists and architects. Other works of art were purchased, bequeathed or given to the Royal Academy and range from drawings to plaster casts and from photographs to paintings. There is also a collection of silver given to the Royal Academy by Academicians, which is of historical importance to the Royal Academy.

The Royal Academy Library (Special Books Collection)

The Library comprises the Historic Books Collection dating from the 16th century to approximately 1920, and the Special Illustrated Books Collection.

16 Heritage assets (continued)

The Royal Academy Archive

The Archive holds papers and documents and copies of electronic correspondence relating to the institution's history as well as artists' letters and archives. The Archive also includes photographic prints, transparencies, glass slides and negatives, films and videotapes which relate to the history and activities of the institution. More information about the Royal Academy's collection is available at www.royalacademy.org.uk/page/collections-and-research.

Capitalisation of the collections

In the opinion of the trustees, reliable information on cost or value is not available for the Royal Academy permanent collection. This is owing to the lack of reliable information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

The collections have a significant intrinsic value relating to the way they provide a unique insight into the history of art and the study of art over the past 250 years. The manner in which items are given by Academicians makes valuation of these items difficult as there is no original cost to the item. In addition there is an intrinsic value to the collections as an embodiment of the history of the Royal Academy as an institution, which would also be far too subjective and unique to place any reliable value upon. For this reason, the permanent collection, large proportions of which were gifted to the Royal Academy at nil cost, are incomparable in nature and are not recognised as assets in the Royal Academy's balance sheet.

Acquisitions and disposals

Diploma Works are proposed by newly elected members in discussion with the Director of Collections and Learning, and accessioned into the collection following approval by Council. The approval of non-diploma works (by purchase, bequest or donation) is by the Director of Collections and Learning, in consultation with the relevant curator. If the acquisition is more than £5,000 in value, a case for accessioning must be made by the Director of Collections and Learning to Council. All acquisitions are reported annually to Council by the Director of Collections and Learning. The list is subsequently submitted to Council as part of an annual report and the Director of Collections and Learning attends Council to discuss any matters arising from the report.

Disposals will only take place in accordance with the Acquisitions and Disposals Policy. No disposals were made in the year. Objects will only be deaccessioned by way of exchange (in the case of Diploma Works) or if there is irreparable damage to or total loss of an object. Due to the accreditation by the Arts Council, and the Royal Academy's internal procedures and policies (described under "Collections management", below), disposals can only be for "financially motivated" reasons in exceptional circumstances. Any such disposal must be as part of a wider review of the Collection, and then proceeds must be used only for the benefit of the Collection.

In the financial year, Diploma Works were presented by Anish Kapoor RA, Nigel Coates RA, Elsie Owusu RA and Hurvin Anderson RA.

16 Heritage assets (continued)

Acquisitions and disposals (continued)

Gifts made to the Royal Academy in the current financial year include a watercolour by John Nash RA valued at £10,000 and a gift made via the Cultural Gifts Scheme of a drawing by Sir Thomas Lawrence PRA valued at £10,000. All works gifted or purchased with a value over £10,000 have been recognised in the year. Valuations are made at fair value, either provided by the artist or their gallery or based on an assessment made by the curator taking into consideration current market values.

The Collections Development Policy covering acquisitions and disposals is available for review on the Royal Academy's website: www.royalacademy.org.uk/about-the-ra.

Preservation

The Royal Academy is committed to the preservation of its Collections. It aims to ensure the longest possible life of the Collections. This includes security, financial, environmental, storage and staffing that all help to preserve the collections for posterity.

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however, these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. The modern archive is stored in a secure, environmentally stable area in 6 Burlington Gardens.

For the works of art, most conservators employed by the Royal Academy are on the ICON Conservation Register. For other areas of the collections, a variety of conservation experts are consulted.

Collections management

The Works of Art Collection, Special Books Collection and Archive are catalogued in a series of discrete but interconnected databases, each fully conforming to their relevant professional standards, i.e. Spectrum for museum objects; AACR2 and MARC21 for books; and ISAD(G) for archives. The three databases are linked to a series of shared authority files and thesauri against which terms such as personal names, corporate names, materials and techniques, and production roles must be validated. This ensures consistency in data entry and in data searches.

The Collection, Library and Archive are designated as collections of national importance as awarded by the Arts Council in 2011. In order to meet the stringent requirements for this award, an extensive list of procedures and policies for the management of the collection, informed by nationally and internationally recognised standards, were approved by Council. These documents can be consulted in the Collections' Office.

16 Heritage assets (continued)

Analysis of heritage assets (Group and Royal Academy)

	Works of art				
	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Carrying amount at 1 September	**1,574**	1,392	1,392	1,392	1,142
Purchases	**-**	14	-	-	-
Gifts	**20**	168	-	-	250
Carrying amount at 31 August	**1,594**	1,574	1,392	1,392	1,392

17 Intangible fixed assets

Intangible assets include the Royal Academy's website and intranet costs, core system software and R.A. Enterprises Limited's Epos, e-commerce and stock management software.

a. Group	Software
	£'000
Cost	
At 31 August 2023	2,497
Additions	118
At 31 August 2024	**2,615**
Amortisation	
At 31 August 2023	2,327
Charge for the year	81
At 31 August 2024	**2,408**
Net book value	
At 31 August 2024	**207**
At 31 August 2023	170

17 Intangible fixed assets (continued)

b. Royal Academy

	Software £'000
Cost	
At 31 August 2023	1,801
Additions	63
At 31 August 2024	**1,864**
Amortisation	
At 31 August 2023	1,691
Charge for the year	45
At 31 August 2024	**1,736**
Net book value	
At 31 August 2024	**128**
At 31 August 2023	110

18 Tangible fixed assets

a. Group

	Building improvements £'000	Assets in course of construction £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 31 August 2023	25,903	11,799	37	24,109	**61,848**
Additions	836	10,363	-	567	**11,766**
Reclassifications	20,605	(20,957)	-	352	**-**
Disposals	-	(12)	-	(76)	**(88)**
At 31 August 2024	47,344	1,193	37	24,952	**73,526**
Depreciation					
At 31 August 2023	10,805	-	37	16,888	**27,730**
Disposals	-	-	-	(76)	**(76)**
Charge for the year	1,576	-	-	1,694	**3,270**
At 31 August 2024	12,381	-	37	18,506	**30,924**
Net book value					
At 31 August 2024	**34,963**	**1,193**	**-**	**6,446**	**42,602**
At 31 August 2023	15,098	11,799	-	7,221	34,118

18 Tangible fixed assets (continued)

b. Royal Academy

	Building improvements £'000	Assets in course of construction £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 31 August 2023	25,641	11,788	37	23,679	**61,145**
Additions	836	10,374	-	567	**11,777**
Reclassifications	20,605	(20,957)	-	352	**-**
Disposals	-	(12)	-	(76)	**(88)**
At 31 August 2024	47,082	1,193	37	24,522	**72,834**
Depreciation					
At 31 August 2023	10,543	-	37	16,462	**27,042**
Disposals	-	-	-	(76)	**(76)**
Charge for the year	1,576	-	-	1,690	**3,266**
At 31 August 2024	12,119	-	37	18,076	**30,232**
Net book value					
At 31 August 2024	**34,963**	**1,193**	**-**	**6,446**	**42,602**
At 31 August 2023	15,098	11,788	-	7,217	34,103

c. 6 Burlington Gardens (Freehold property)

Group and Royal Academy	6 Burlington Gardens £
Cost	
At 31 August 2023	66,393
Capital Goods Scheme adjustments	42
At 31 August 2024	**66,435**

In the opinion of the trustees, based on a valuation as at 31 August 2023 by an independent third party, the open market value of the Royal Academy's interest in 6 Burlington Gardens exceeds the book value by approximately £3.6m. The Royal Academy would have no liability to taxation if the asset was sold at open market value on the basis that the proceeds were used to further the company's charitable activities.

18 Tangible fixed assets (continued)

d. 7 Pembroke Studios (Investment property)

In 2020, the RA received a donation of £2.2m for the purchase of 7 Pembroke Studios for £1.65m, with the balance to be used for other costs of purchase and the ongoing repairs and maintenance of the property. As part of the gift there is a requirement that the artist who has been using the studio since 2012 is able to have exclusive, rent free use of the studio for as long as she is able to continue to actively use it as an artist up to a maximum of 25 years. At the end of this period the Royal Academy has the right to use or dispose of the studios and use the proceeds for its general charitable purposes. The completion of the purchase of the studio took place in September 2020 for £1.65m plus legal and professional costs. A significant refurbishment was completed in 2021, such that the total cost as at 31 August 2021 was £1.9m.

Group and Royal Academy	7 Pembroke Studios £
Fair value	
At 31 August 2023	1,190
Fair value gain	35
At 31 August 2024	**1,225**

As the use of the property by this artist is not for the Royal Academy's charitable purposes and the property is primarily held for its capital appreciation, it is being accounted for as an investment property. The Charities SORP requires that investment properties are measured initially at cost and subsequently at fair value at the reporting date.

Based on a valuation as at 31 August 2024 by an independent third party, the current open market value (with vacant possession) of the property is £1.8m. However, due to the requirement for the artist to be able to use the property rent free for up to 25 years from September 2020, the valuation on this basis is much lower at £1.2m. In accordance with the Charities SORP, this lower valuation is deemed to be the fair value for accounting purposes.

19 Other investments

	Group		Royal Academy	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Investments at market value	**2,018**	1,766	**2,018**	1,766
Investments in subsidiaries at cost	**-**	-	**-**	-
Total	**2,018**	1,766	**2,018**	1,766

The Royal Academy beneficially owns all of the called up share capital of RA (Arts) Limited (02836364), R.A. Enterprises Limited (01666333) and Burlington House Limited (02216104), each of which is registered in England and Wales. See note 7 for the financial results of these entities during the year.

19 Other investments (continued)

Movement in market value of investments:	2024 £'000	2023 £'000
Market value of investments at 1 September	1,691	1,730
Additions to investments at cost	101	-
Net gains / (losses) on investments	198	(39)
Market value of investments at 31 August	1,990	1,691

Market value of investments by type:		2024 £'000	2023 £'000
Fixed income		240	250
Equities		1,453	1,146
Property		67	70
Alternative investments		151	167
Liquid assets		79	58
Total market value of investments	(Historic cost of investments £1,855,887 (2023: £1,753,756))	1,990	1,691
Cash holdings		28	75
Total		2,018	1,766

Investments are held under management with Sarasin & Partners LLP and are invested in the Sarasin Climate Active Endowments Fund. The fund seeks to provide growth (through increases in investment value and income) of 4% per year more than the Consumer Price Index over a rolling five year period. It has a global multi-asset portfolio with an integrated socially responsible investment policy that also favours investments that may benefit from a move to a lower carbon economy.

The fund will not invest in tobacco and will also avoid investment in companies that have more than 10% of their turnover in armaments, gambling and pornography. The fund has additional restrictions including no investment in companies with 5% or more of their turnover involved in the mining of thermal coal or tar sands; following engagement, no investment in companies that needlessly emit significant quantities of carbon into the atmosphere, or which do not take seriously the transition to a low carbon economy; and qualitative judgments to be considered on a regular basis by the fund's Climate Active Advisory Panel.

20 Debtors

	Group		Royal Academy	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade debtors	1,356	979	640	330
Royal Academy related entities	-	-	1,198	1,629
Royal Academy Trust	19	2	55	97
Taxation	612	553	612	553
Staff loans	18	9	18	9
Sundry debtors	1,424	1,731	1,310	1,492
Prepayments and accrued income	1,008	1,088	755	902
Total	4,437	4,362	4,588	5,012

21 Creditors - amounts falling due within one year

	Group		Royal Academy	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Bank loan	**163**	220	**163**	220
Trade creditors	**1,427**	873	**1,033**	744
Royal Academy related entities	**-**	-	**36**	-
The Friends of the Royal Academy	**127**	193	**240**	193
Taxation and social security	**729**	633	**506**	482
Sundry creditors	**203**	271	**195**	236
Accruals	**1,541**	2,369	**1,248**	2,135
Deferred income (i)	**1,550**	1,550	**1,285**	1,363
Total	**5,740**	6,109	**4,706**	5,373

A Masterplan Revolving Credit Facility of £5.0m was taken out in May 2017 to manage working capital requirements in relation to the Burlington Project. The facility was most recently extended in February 2023 with the £5.0m commitment expiring in June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2027. The facility can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2024 this facility was not drawn down (2023: £nil).

An Operating Revolving Credit Facility of £2.5m was taken out in March 2018 to manage operating working capital requirements. The facility was most recently extended in February 2023 with the £2.5m commitment expiring in March 2023 and thereafter reducing to a £1.5m commitment to 31 August 2027. This facility can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2024, this facility was not drawn down (2023: £nil).

i. Deferred income in 2024 includes ticket sales and sponsorship income for exhibitions in the next financial year, including *Michael Craig-Martin*, *Michelangelo, Leonardo, Raphael Florence, c. 1504* and *Brasil! Brasil! The Birth of Modernism* and is analysed as follows:

	Brought forward £'000	Amount added £'000	Amount released £'000	Carried forward £'000
Deferred income 2024	1,550	(5,393)	5,393	**1,550**
Deferred income 2023	1,417	233	(100)	1,550

22 Creditors - amounts falling due after more than one year

	Group		Royal Academy	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£
Bank loan	**-**	163	**-**	163
Unsecured loan	**10,000**	10,000	**10,000**	10,000
Total	**10,000**	10,163	**10,000**	10,163

Creditors include amounts not wholly repayable within 5 years as follows:

Unsecured loan	**10,000**	10,000	**10,000**	10,000

The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £18,408 (2023: £24,366) was charged in the year.

In December 2014, the Royal Academy entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2035 until 2044, and has a fixed rate of interest of 4.21% p.a.. This facility was used to fund exceptional operating costs during the Burlington Project construction phase and the plant upgrade/renewal programme for conditioning the Burlington House galleries. Interest of £421,000 (2023: £421,000) was charged in the year. The Royal Academy remains compliant with its various loan covenants.

23 Analysis of net assets by fund

	Endowment	Restricted		Designated	Unrestricted		
		Burlington Project	Other funds		General funds	Pension reserve	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
a. Group							
Investments	775	**-**	398	673	172	**-**	**2,018**
Heritage assets	-	-	1,594	-	-	-	**1,594**
Intangible assets	-	-	-	-	207	-	**207**
Tangible assets	-	1,091	1,225	-	107,946	-	**110,262**
Current assets	-	670	198	60	9,297	-	**10,225**
Current liabilities	-	-	-	-	(5,740)	-	**(5,740)**
Long term liabilities	-	-	-	-	(10,000)	-	**(10,000)**
Pension asset	-	-	-	-	-	1,011	**1,011**
Total	**775**	**1,761**	**3,415**	**733**	**101,882**	**1,011**	**109,577**

23 Analysis of net assets by fund (continued)

	Endowment	Restricted		Designated	Unrestricted		Total
		Burlington Project	Other funds		General funds	Pension reserve	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
b. Royal Academy							
Investments	775	-	398	673	172	-	**2,018**
Heritage assets	-	-	1,594	-	-	-	**1,594**
Intangible assets	-	-	-	-	128	-	**128**
Tangible assets	-	1,091	1,225	-	107,946	-	**110,262**
Current assets	-	670	198	60	8,342	-	**9,270**
Current liabilities	-	-	-	-	(4,706)	-	**(4,706)**
Long term liabilities	-	-	-	-	(10,000)	-	**(10,000)**
Pension asset	-	-	-	-	-	1,011	**1,011**
Total	**775**	**1,761**	**3,415**	**733**	**101,882**	**1,011**	**109,577**

24 Analysis of endowment funds

Group and Royal Academy		Opening funds £'000	Investment gains less fund managers fees £'000	Unapplied total return allocated to income £'000	Closing funds £'000
Dunard Scholarship:	a.				
- Trust for investment		625	-	-	**625**
- Unapplied total return		-	90	(90)	**-**
Exhibitions fund:	b.				
- Trust for investment		150	-	-	**150**
- Unapplied total return		-	21	(21)	**-**
Total		**775**	**111**	**(111)**	**775**

a. **Dunard Scholarship** : the fund was established in 2020 by a donation of £625,000 from the Dunard Fund. It is held as a permanent endowment and is being accounted for on a total return basis. The purpose of the fund is to endow a student scholarship at the Royal Academy Schools in perpetuity.

b. **Exhibitions fund**: the fund was established in 2019 by a donation of £150,000 from the Thompson Family Charitable Trust, and reclassified as permanent endowment in 2020, and is being accounted for on a total return basis. The purpose of the fund is to support ongoing exhibition costs from investment returns.

25 Analysis of restricted funds

Group and Royal Academy

		Opening funds £'000	Income and fund growth in year £'000	Expenditure £'000	Unapplied total return from endowments £'000	Fair value gains £'000	Transfers £'000	Closing funds £'000
Other funds	a.	343	2,678	(2,894)	-	-	71	**198**
Bloomberg fund	b.	238	-	(238)	-	-	-	**-**
7 Pembroke Studios	c.	1,438	36	(11)	-	35	15	**1,513**
Heritage assets	16	1,574	20	-	-	-	-	**1,594**
Dunard Scholarship	24.a	29	-	(25)	90	-	-	**94**
Exhibitions fund	24.b	19	-	(24)	21	-	-	**16**
Burlington Project	d.	21,785	1,276	(343)	-	-	(20,957)	**1,761**
Total		**25,426**	**4,010**	**(3,535)**	**111**	**35**	**(20,871)**	**5,176**

a. Other funds include donations of £532,084 (2023: £413,119) received from the Royal Academy Trust, other donations of £2,061,908 (2023: £1,739,500) and grants of £104,502 (2023: £12,000) received for specific and general activities as disclosed in notes 5 and 6 respectively. The closing balance relates to the following restricted funds:

The Royal Academy architecture awards £nil (2023: £9,072): established in 2018 from a donation of £60,000; a further donation of £255,000 was received in 2019. The awards take place annually for five years and the monies are being used towards the management and running costs of the Royal Academy architecture awards, including architecture awards week where the winner of the Royal Academy Architecture Prize and the finalists for the Royal Academy Dorfman Award come to London from around the world to partake in a week of events and activities and receive their prizes. £10,000 of the money is given to the winner of the Royal Academy Dorfman Award each year.

Young Artists' Summer Show £nil (2023: £42,452): established in 2018 from a donation of $67,620 (£51,516), with further donations of £90,187 in 2019, £97,390 in 2020 and £112,600 in 2022. Inspired by the *Summer Exhibition*, the Young Artists' Summer Show brings together work by primary and secondary-level students from across the UK and beyond in an annual exhibition.

Swanston bequest £24,564 (2023: £24,564): established in 2014 from a legacy of £60,000. The bequest is being used for curating and publishing costs associated with the *Taddei Tondo.*

Cataloguing project £nil (2023: £3,032): established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

Clore Cultural Learning Fund £nil (2023: £36,296): established in 2021 as a result of the Covid-19 pandemic with a grant of £100,000, the fund supports the delivery of learning and community activities, especially those delivered onsite at the Royal Academy.

Genesis Future Curators £7,227 (2023: £nil): established in 2023 from a donation of £69,000. The fund is being used to establish a two year curatorial trainee scheme for two trainees to gain experience within curatorial practice, one in Collections and one in Exhibitions.

25 Analysis of restricted funds (continued)

Emma Seglert Bursary £27,818 (2023: £nil): established in 2024 from a donation of £27,818. The fund will provide a bursary to students studying at the Schools for a three-year period, with the first bursary being awarded in the academic year 2024/2025. The bursary can be awarded to one student for the three-year duration of their studies, or on an annual basis to one or more students.

Dunard Schools Fund £nil (2023: £81,031): established in 2020 from a donation of £333,333, with a total of £1,000,000 pledged over three years. Futher donations totalling £666,667 were received in 2022 and 2023. The fund provides £50,000 per annum towards Royal Academy Schools bursaries and £283,333 towards Royal Academy Schools tutors' salaries.

Marie Ragnhild Hollingsworth Prize Fund £138,350 (2023: £143,350): established in 2023 from donations totalling £148,350. The fund provides £5,000 per annum for a prize at the *Summer Exhibition* .

British Council residency £nil (2022: £3,868): established in 2023 from grant income of £12,000, this will fund a residency for an early career researched.

b. **Bloomberg Digital Accelerator Fund** £nil (2023: £237,752): established in 2021 from grant income of £980,000 from the Bloomberg Philanthropies' Digital Accelerator Fund. This funded updating the user experience and infrastructure of the main Royal Academy website; delivering a digital studio for online events; and researching the Royal Academy's requirements for digital asset management.

c. **7 Pembroke Studios** £1,513,000 (2023: £1,438,000): the fund was established in 2020 from a donation of £2,159,884 ($2,790,720), of which £1,650,000 was used to purchase Pembroke Studios in September 2020, an artist's studio in London, with the balance of the fund to be used for the legal and professional fees associated with the purchase and repairs and maintenance of the property for a period of up to 25 years. It was the donor's wish that an artist, who has been using the studios since 2012, should be able to continue to have exclusive, rent free use of the studios for as long as she is actively and regularly using the studios for up to a maximum of 25 years. At the end of the said period, the Royal Academy will have full and free use of the studios and have the right to sell the studios and apply the proceeds of the sale towards its general charitable purposes.

d. **Burlington Project** £1,761,000 (2023: £21,785,000): Phase I was completed in 2018 and Phase II was completed in 2024, with all Burlington Project - Phase I and Phase II restricted and designated funds being transferred to unrestricted funds as specific identifiable assets were brought into service and as such, the restrictions on these funds have been satisfied. The remaining restricted funds are in respect of Phase III and other projects, which form part of the overall Burlington Project (see note 30).

26 Analysis of designated funds

Group and Royal Academy	Opening funds £'000	Income £'000	Expenditure £'000	Transfers £'000	Investment gains £'000	Closing funds £'000
Total designated	649	539	(523)	2	66	**733**

Council have designated the funds detailed below out of unrestricted funds:

Schools architect fund £88,562 (2023: £78,262): the fund was established in 2018 from a legacy of £88,039. The funds are held on investment with Sarasin & Partners LLP, with the investment returns being used to fund an annual event as part of the RA Architecture Programme in Sir Richard MacCormac's name.

26 Analysis of designated funds

Schools annual travel prize £10,000 (2023: £12,000): a legacy of £20,000 was received in 2018 and designated as an annual travel prize of £2,000 for students of the Royal Academy Schools. The first prize was awarded in 2018, with further awards in 2019, 2022 and 2023. It is anticipated this will be spent over a period of 10 years.

Future Academy £633,742 (2023: £558,173): unrestricted donations and legacies received in 2019, 2020 and 2022 have been designated by Council for expenditure on the Royal Academy Schools (£40,562), the Collection (£16,655), education (£500) and the Presidents' Fund (£576,025), which is held to support the Royal Academy in periods when there is unexpected volatility in income or expenditure. Donations totalling £1,740 (2023: £nil) received in 2022 and designated by Council for the Future Academy fund were incorrectly allocated to unrestricted donations. These funds were transferred to the Future Academy fund in 2024.

27 Administered funds

The Royal Academy has six funds which have not been consolidated within the financial statements of the Royal Academy, on the basis that while the Royal Academy is administering the funds, it is not the ultimate beneficiary. However, as the funds are administered by the Royal Academy, these have been disclosed separately below for information.

These funds consist of the following:
Frampton Fund
Agnes Ethel MacKay Fund
Jack Goldhill Sculpture Fund
Charles Wollaston Award Fund
Pitchforth Scholarship Fund
Sir John Reeves Ellerman Fund

	2024 £'000	2023 £'000
Income from investments	26	27
Expenditure	(133)	(151)
Net gains on investments	631	116
Net gain / (loss)	524	(8)
Total funds brought forward	4,314	4,322
Total funds carried forward	4,838	4,314
Represented by:		
Investments	4,690	4,129
Cash at bank	62	70
Debtors	103	134
Creditors	(17)	(19)
Total funds	4,838	4,314

28 Reconciliation of net income to net cash inflow from operating activities

	2024 £'000	2023 £'000
Net (expenditure) / income	(8,265)	7,122
Heritage asset gifts	(20)	(168)
Amortisation of intangible assets	81	88
Depreciation of tangible assets	3,270	3,166
Loss on disposal of tangible assets	12	-
Fair value gain in value of investment property	(35)	(27)
Current pension service expenditure / (income)	4,081	(1,989)
Increase in stock	(26)	(93)
(Increase) / decrease in debtors	(16)	2
(Decrease) / increase in creditors	(312)	1,037
Interest paid	441	445
Interest received	(517)	(596)
Dividends and interest from fixed asset investments	(48)	(59)
Net (gains) / losses on fixed asset investments	(198)	39
Net cash provided by operating activities	(1,552)	8,967

29 Pension costs

The Royal Academy, together with its subsidiary undertakings, participates in a funded defined benefit pension scheme, operated by the Royal Academy of Arts Pension Scheme ("the Scheme"), providing benefit based on final pensionable salary. The assets of the Scheme are held independently from those of the Royal Academy.

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to the members' final salary at retirement and their length of service up to the date on which the Scheme closed to future accrual, being 30 September 2016.

The Scheme is a registered scheme under UK legislation and was not contracted out of the State Sector Pension prior to the cessation of contracting out from 6 April 2016.

The Scheme is subject to the scheme funding requirements outlined in UK legislation.

The Scheme was established from 3 January 1985 under trust and is governed by the Scheme's definitive trust deed and rules dated 31 March 1998. The trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy.

A full actuarial valuation of the Scheme was carried out as at 31 August 2022 and has been updated to 31 August 2024 by a qualified independent actuary.

Since June 2006 the Scheme has been closed to new members and closed to future accrual on 30 September 2016. A full buy-in of the Scheme's pension liabilities with an insurer, being the first stage towards buy-out and an eventual winding up of the Scheme, was successfully concluded with Aviva on 2 July 2024.

29 Pension costs (continued)

The major assumptions used by the actuary were (in nominal terms) as follows:	2024	2023
Discount rate	5.0%	5.3%
Inflation assumption (RPI)	3.1%	3.2%
Inflation assumption (CPI)	2.3%	2.4%
Rate of increase in salaries	3.1%	3.2%
Pension increases for service accrued:		
Pre 6 April 1997	2.4%	2.4%
6 April 1997 to 30 September 2006	3.0%	3.1%
Post 30 September 2006	2.1%	2.1%
Assumed life expectancies on retirement at age 60 are:		
Retiring in 2022 - Males	25.9	26.0
Retiring in 2022 - Females	28.5	28.5
Retiring in 2042 - Males	27.4	27.5
Retiring in 2042 - Females	30.0	30.0

The assumptions used in determining the overall expected return of the Scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins.

The assets in the Scheme were:	2024 £'000	2023 £'000
Corporate bonds	-	16,838
Cash	1,777	156
LDI funds	-	14,769
Insurance policy	27,030	-
Fair value of Scheme assets	28,807	31,763
Present value of funded obligations	(27,796)	(25,578)
Surplus in funded Scheme	1,011	6,185
Net asset in balance sheet	1,011	6,185

Reconciliation of opening and closing balances of the present value	2024 £'000	2023 £'000
Benefit obligation at beginning of year	25,578	31,585
Interest cost	1,342	1,268
Actuarial losses / (gains)	1,417	(4,456)
Benefits paid	(912)	(1,135)
Past service cost	371	-
Curtailments	-	(1,684)
Benefit obligation at end of year	27,796	25,578

29 Pension costs (continued)

Reconciliation of opening and closing balances of the fair value of Scheme assets:	2024	2023
Fair value of Scheme assets at beginning of year	31,763	38,029
Interest income on Scheme assets	1,619	1,573
Return on assets, excluding interest income	324	(6,704)
Benefits paid	(912)	(1,135)
Scheme administrative cost	(267)	-
Settlements	(3,720)	-
Fair value of Scheme assets at end of year	28,807	31,763

The amounts recognised in the SOFA:	2024	2023
Service cost - including current and past service costs and settlements	4,091	(1,684)
Service cost - administrative cost	267	-
Net interest on the defined benefit pension scheme asset	(277)	(305)
Total expenditure / (income)	4,081	(1,989)

The service cost including current and past service costs and settlements of £4,091,000 (2023: income of £1,684,000) includes £3,720,000 (2023: £nil) settlement cost arising from the purchase of an insurance policy on 2 July 2024 for all the pension liabilities of the Scheme. The settlement loss of £3,720,000 has been calculated as the difference between the premium paid for the insurance policy by the Scheme of £30,419,000 and the actuarial value of the liabilities placed on the insurance policy at the purchase settlement date of 9 July 2024.

The service cost - administrative cost of £267,000 (2023: £nil) includes expenses in respect of the insurance buy-in and the transition to buy-out and from 1 July 2024 the expenses of operating the Scheme.

Remeasurement of the defined benefit pension scheme asset:	2024	2023
Actuarial losses / (gains) on the liabilities	1,417	(4,456)
Return on assets, excluding interest income	(324)	6,704
Total remeasurement of the defined benefit pension scheme asset	1,093	2,248

30 Authorised and contracted capital expenditure

Group and Royal Academy

	Total project cost £'000	Assets in course of construction £'000	Authorised but not contracted for £'000
Other projects	102	102	-
Burlington Project - Phase III	12,600	1,043	11,557
Other Burlington Projects:			
Burlington House façade	750	48	702
Total	**13,452**	**1,193**	**12,259**

Burlington Project - Phase III is the redevelopment of the Collection Gallery. This is currently at RIBA Stage 3 design. Nearly £6.5m has been fundraised, with the funds held by the Royal Academy Trust until required by the Royal Academy. £0.5m was donated by the Royal Academy Trust in 2018, with a further £0.5m in 2019 and £0.2m in 2024 in respect of costs incurred to date with the balance being held in cash at bank. £5.3m is being held and invested by the Royal Academy Trust until required by the Royal Academy, with further interest accruing on these funds.

The Burlington House façade project is in respect of the restoration and the cleaning of the façade. This project is at a preliminary design stage but a £0.7m budget was approved by Council in April 2021. This has been fully fundraised for and is included in cash at bank less project costs incurred to date.

31 Contingent liabilities

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2024 (2023: none).

32 Financial commitments

Group and Royal Academy

At 31 August total commitments under operating leases were as follows

	Land and buildings £'000	Other £'000	2024 Total £'000	Land and buildings £'000	Other £'000	2023 Total £'000
Under one year	**190**	**13**	**203**	219	13	232
Two to five years	**762**	**26**	**788**	762	39	801
Over five years	**524**	**-**	**524**	714	-	714
Total	**1,476**	**39**	**1,515**	1,695	52	1,747

33 Financial instruments

The financial statements include the following financial instruments at 31 August:

	Group		Royal Academy	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Financial assets measured at amortised cost	**2,701**	2,618	**3,105**	3,454
Financial liabilities measured at amortised cost	**13,461**	14,089	**12,915**	13,691
Financial assets measured at fair value	**2,018**	1,766	**2,018**	1,766

34 Related party transactions

Those in positions of authority within the Group, including trustees, Council members and directors, use facilities of the Group on the same terms as other Royal Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, *Summer Exhibition*, and auctions, and also the use of catering facilities. For the year ended 31 August 2024, all transactions with related parties are considered within the scope of normal transactions.

Income of £866,903 (2023: £271,159) was received from R.A. Enterprises Limited, being a distribution of 100% of their net income for the year. In addition, R.A. Enterprises Limited was recharged salaries of £1,836,175 (2023: £1,823,780) and other expenses of £773,632 (2023: £576,915), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £1,104,671 (2023: £1,296,072) was owed and included within the Royal Academy's debtors.

Income of £161,863 (2023: £204,221) was received from Burlington House Limited, being a distribution of 100% of their net income for the year. In addition, Burlington House Limited was recharged expenses of £17,695 (2023: £91,517). At the year end, £35,662 was outstanding and included within the Royal Academy's creditors (2023: £14,175 owed and included within debtors).

Income of £933,448 (2023: £1,558,431) was received from RA (Arts) Limited, being a distribution of 100% of their net income for the year. In addition, RA (Arts) Limited was recharged salaries of £128,154 (2023: £111,337) and other expenses of £83,978 (2023: £69,571), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £93,492 (2023: £318,656) was owed and included within the Royal Academy's debtors.

Income of £10,105,047 (2023: £10,598,061) was received from The Friends of the Royal Academy, being 100% of their net income for the year. In addition, The Friends of the Royal Academy reimbursed salary and other expenses recharged of £495,607 (2023: £429,709). At the year end, £239,649 (2023: £192,941) was outstanding and included within creditors.

In order to optimise cash management efficiency, the sterling current accounts of the Royal Academy, its subsidiary undertakings and The Friends of the Royal Academy are pooled, such that overnight all cleared debit and credit balances on the current accounts of these entities are set off into a single Royal Academy account. The debtor and creditor balances between each of the entities in this pooling group at the year end in part reflects this pooling arrangement.

34 Related party transactions (continued)

During the year, the Royal Academy received income of £1,877,084 (2023: £3,729,819) from the Royal Academy Trust with donations of £nil towards the Coronavirus Emergency Support Fund (2023: £2,000,000), £200,000 (2023: £nil) towards Burlington Project Phase III and £1,677,084 (2023: £1,729,819) further donations to support various campaigns and projects undertaken. At the year end, £54,777 (2023: £96,752) was owed and included within the Royal Academy's debtors.

The trustees donated a total of £nil (2023: £nil) to the Royal Academy during the year.

THE ROYAL ACADEMY OF ARTS

England & Wales - Charity number 1125383

Accounts

THE ROYAL ACADEMY OF ARTS

(A Company Limited by Guarantee)

Registered Charity No. 1125383
Registered Company No. 06298947

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2023

The Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2023

Registered Charity No. 1125383

Registered Company No. 06298947

PRESIDENT AND COUNCIL:

In the financial year and at the date of signing:

President

Rebecca Salter PRA

Council

John Akomfrah CBE RA (appointed 4 October 2022; resigned 30 September 2023)
Michael Armitage RA Elect (appointed 1 October 2023)
Fiona Banner RA (appointed 1 October 2023)
His Honour Judge Tony Baumgartner
Helen Boaden (resigned 30 September 2023)
Prof Sonia Boyce OBE RA
Stephen Chambers RA (resigned 4 October 2022)
Nigel Coates RA Elect (appointed 1 October 2023)
Tony Cohen (appointed 1 October 2023)
Richard Deacon CBE RA (appointed 5 October 2021; resigned 30 September 2023)
Tracey Emin CBE RA (appointed 1 October 2023)
Simon Friend
Thomas Heatherwick CBE RA (appointed 4 October 2022; resigned 30 September 2023)
Prof Lubaina Himid CBE RA (resigned 13 June 2023)
Gary Hume RA
Louisa Hutton OBE RA (resigned 4 October 2022)
Sir Isaac Julien KBE RA (resigned 4 October 2022)
Jock McFadyen RA (resigned 4 October 2022)
Cornelia Parker CBE RA (appointed 4 October 2022)
Eric Parry RA (appointed 4 October 2022)
Sir Grayson Perry CBE RA (resigned 30 September 2023)
Fiona Rae RA (appointed 1 October 2023)
Eva Rothschild RA (resigned 4 October 2022)
Conrad Shawcross RA (appointed 1 October 2023)
Bob and Roberta Smith OBE RA (appointed 4 October 2022)
Emma Stibbon RA
Prof Alison Wilding OBE RA (resigned 30 September 2023)
Louise Wilson (Jane and Louise Wilson RA) (appointed 4 October 2022)

Officers

Rebecca Salter PRA	President
Prof Cathie Pilkington RA	Keeper
Prof Peter St John (Adam Caruso and Peter St John RA)	Treasurer
Axel Rüger	Secretary and Chief Executive

Company Secretary

Benedict Anstey	General Counsel

Senior Leadership Team

Charlotte Appleyard	Director of Development & Business Innovation
Eliza Bonham Carter	Curator and Director, RA Schools
Carl Hitchcock	Director of Finance
Rebecca Lyons	Director of Collections & Learning
Natasha Mitchell	Director of Corporate Services
Jo Prosser	Director of Audience & Experience
Andrea Tarsia	Director of Exhibitions

Royal Academy Committees
at the date of signing[1]:

Finance and Performance Committee Treasurer *ex officio* (Chair) Simon Friend Maria Lisogorskaya, Assemble RA Elect Andrea O'Keeffe Sally Tennant OBE Paul Venables Bill Woodrow RA	**Exhibitions and Displays Committee** Stephen Chambers RA (Chair) Prof Josephine Dawn Ades CBE FBA John Akomfrah CBE RA Anne Desmet RA Chantal Joffe RA Hew Locke OBE RA Prof Dorothy Price Dr Ben Thomas President *ex officio* Treasurer *ex officio* Keeper *ex officio* Secretary and Chief Executive
Secretary to the Committee: Carl Hitchcock (Director of Finance)	*Secretary to the Committee: Andrea Tarsia (Director of Exhibitions)*
Audit and Risk Committee Simon Friend (Chair) John Collier Spencer de Grey CBE RA Anne Desmet RA Pesh Framjee Ryan Gander OBE RA Clive Humby OBE	**People and Remuneration Committee** Tony Cohen (Chair) Kerstin Mogull Eric Parry RA Bill Woodrow RA
Secretary to the Committee: Carl Hitchcock (Director of Finance)	*Secretary to the Committee: Natasha Mitchell (Director of Corporate Services)*
RA Schools Committee Louise Wilson (Jane and Louise Wilson RA) (Chair) President Keeper Secretary and Chief Executive Adham Faramawy Brian Griffiths RA Elect Mark Hampson Rebecca Lyons (Director of Collections and Learning) Mike Nelson RA	
Secretary to the Committee: Eliza Bonham Carter (Curator and Director, RA Schools)	

Professional Advisers:

Auditors: Moore Kingston Smith LLP, 6th Floor, 9 Appold Street, London. EC2A 2AP	**Investment Managers:** Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London. EC4M 8BU
Bankers: Lloyd Bank Plc, 4th Floor, 25 Gresham Street, London. EC2R 8LA	**Solicitors:** Macfarlanes LLP, 20 Cursitor Street, London. EC4A 1LT Withers LLP, 16 Old Bailey, London. EC4M 7EG

Registered Office:
Burlington House, Piccadilly, London. W1J 0BD

[1] Other committees of Council not detailed here are: Annual Dinner Committee and Summer Exhibition Committee.

The Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2023

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

The Royal Academy of Arts ("Royal Academy" or "RA" or "Academy") was incorporated as a company limited by guarantee on 2 July 2007, company registration number 06298947, and registered as a charity on 6 August 2008, charity registration number 1125383.

The incorporated Royal Academy commenced trading on 1 September 2009 following the transfer of the net assets and undertakings from the unincorporated Royal Academy, charity registration number 212798.

The Royal Academy today continues to aspire, in the words of its 18th century founders, to "promote the arts of design". It believes in learning through first-hand experience of the arts and is unique in its combination of practical work, exhibitions, and learning programmes.

Royal Academicians are painters, sculptors, architects, engravers, printmakers, and draughters elected by their peers for their distinction as artists. There are up to 100 Academicians (under the age of 75) who form the General Assembly and a number of Senior Academicians (over the age of 75). Royal Academicians and Senior Academicians constitute the membership of the RA as a company and charity.

The Royal Academy receives no direct revenue support from the government or any other public body.

The Royal Academy's charitable objects are:

- The promotion of the arts of design.
- The education of the public in the creation, enjoyment, appreciation, and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

Governance and management

Council

The Royal Academy is governed by its Board of Directors or Trustees, who are referred to as the Council of the Royal Academy. Council consists of thirteen Academicians, up to three individuals who are not Academicians, and the President.

- Six seats in Council go by rotation/succession to all the Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Three seats in Council go to newly elected Academicians. These individuals serve on Council for one year and may be re-elected for two further terms of two years.
- Four seats in Council are elected by the General Assembly from all serving Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Up to three "external" (non-Academician) members of Council are chosen and recommended by Council and approved by the General Assembly. These individuals serve on Council for two years and may be re-elected for two further terms of two years.

The President is the Chair of Council. The President has no vote at Council unless the votes are equal, in which case the President has the casting vote. The Keeper, the Treasurer and the Secretary and Chief Executive attend Council but are not members of Council.

Council normally meets at least six times a year.

General Assembly

Royal Academicians meet collectively in General Assembly. There are at least two General Assemblies annually. Additional General Assemblies may be held in accordance with the Laws.

The responsibilities of General Assembly include:

- Election of the three Academician Officers: The President, the Keeper, and the Treasurer and approval of the appointment of the Secretary and Chief Executive.
- Approval of changes in the Laws.
- Election of two Academicians to Council each year.
- Approval of certain appointments made by Council, including external members of Council.
- Election of Academician members of the Audit and Risk Committee.
- Approval of the appointment of auditors and receiving a report on the Annual Report and Consolidated Financial Statements each year.
- Election of Professorships and other honorary positions.
- Consideration of matters relating to members' affairs.

Officers

The Officers of the Royal Academy are the President, the Keeper, the Treasurer, and the Secretary and Chief Executive.

The President:

- Acts as the formal representative of the RA to the outside world.
- Chairs General Assembly, Council and Committees of Council where appropriate.
- Works closely with the Secretary and Chief Executive to ensure that all aspects of the stewardship of the RA as determined by Council are executed through the Secretary and Chief Executive by the Senior Leadership Team and staff.

The Keeper:

- Acts as the formal representative of the RA Schools to the outside world, General Assembly and Council.
- Works closely with the Chair of the RA Schools Committee and the Curator and Director, RA Schools, to ensure that the stewardship and academic performance of the RA Schools are maintained to the appropriate standards.
- Represents the Academicians in their dealings with the RA Schools.

The Treasurer:

- Acts as the formal representative of the Academicians on all matters concerning finance.
- Chairs the Finance and Performance Committee and reports to Council on the Finance and Performance Committee's work.
- Ensures that Council (through the Finance and Performance Committee) are provided with budgets and reports for all exhibitions.

The Secretary and Chief Executive:

- Acts in the accepted and generally understood role of Secretary and Chief Executive, both within the RA and externally.
- Is responsible for the strategic, cultural, and business aspects of the organisation and the administration.
- Advises the President and Council on proposed strategies or changes in strategy to realise Council's objectives.

Senior Leadership Team

The Senior Leadership Team ("SLT") comprises seven senior members of staff (directors) and is led by the Secretary and Chief Executive. The SLT is responsible for implementing policies and strategies approved by Council.

Committees

The Finance and Performance Committee is responsible to Council for overseeing and scrutinising the financial integrity and performance of the Royal Academy. The Committee's specific duties span the following areas: financial planning, management, and controls; investments; borrowings; major projects and estates strategy; commercial and audience strategies; remuneration and pensions; and organisational performance. The Committee usually meets at least four times a year.

The Exhibitions and Displays Committee is responsible to Council for overseeing the programming and development of the RA's activities in its exhibitions and displays. The Committee reviews the RA's exhibitions strategy and satisfies itself that the programmes have artistic and educational coherence and reflect the aims, aspirations, and charitable objects of the RA. The Committee usually meets at least four times a year.

The Audit and Risk Committee is responsible to both General Assembly and Council. The Committee provides assurance that there is an effective framework in place for risk management and internal controls assurance, including internal and external audit. The Committee also oversees the preparation and review of the RA's Annual Report and Consolidated Financial Statements. The Committee usually meets at least three times a year.

The People and Remuneration Committee is responsible to Council for overseeing the broad remuneration policy of the RA (including pensions and redundancy) and specifically the remuneration of the Secretary and Chief Executive, SLT and the stipends of the Officers. The Committee is further responsible to Council for considering and making recommendations on significant policies and matters relating to RA staff and overarching people strategy/priorities. The Committee usually meets at least three times a year.

The RA Schools Committee is responsible to Council for overseeing the care, management and development of the RA Schools and their students. The Committee usually meets at least three times a year.

Trading subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited (company no. 1666333), Burlington House Limited (company no. 2216104), and RA (Arts) Limited (company no. 2836364). Although these are separate legal entities, they are regarded as part of the Royal Academy group and are included in the consolidated financial statements.

Connected charities
The Royal Academy Trust, set up in 1981 to provide funds for the support of the Royal Academy, is separately registered as a charity with its own trustees (charity no. 1067270). As it is not controlled by the Royal Academy, its resources have not been consolidated with those of the Royal Academy.

The Friends of the Royal Academy, a separate charity with its own trustees, was incorporated as a company limited by guarantee in December 1976 to support the work of the Royal Academy (charity no. 272926, company no. 1291535). As with the Royal Academy Trust, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Trustees' duties in relation to Section 172 of the Companies Act 2006
Members of Council, as directors of the Royal Academy, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the organisation, and in doing so have regard (amongst other matters) to:

- The likely consequences of any long-term decision.
- The interests of the organisation's employees.
- The need to foster the organisation's business relationships with suppliers, customers, and others.
- The impact of the organisation's operations on the community and the environment.
- The desirability of the organisation to maintain a reputation for high standards of business conduct.

This report summarises above the Royal Academy's governance framework. The Royal Academy's values and behaviours and how it has engaged with stakeholders throughout the year are considered further in this report. Council has considered the views and needs of key stakeholders in Council discussions and decision making. The following are not intended to be an exhaustive list but are illustrative of how Council has fulfilled its duties throughout the year.

Decision making
New Council members receive a comprehensive induction and ongoing training, including a detailed "induction pack" of documents, which includes:

- Guidance on trustees' roles and duties.
- A specific Code of Conduct for Council members.
- A copy of the Royal Academy's constitutional documents (Memorandum and Articles of Association and RA Laws), together with the Administrative Instructions, which describe the administrative structure of the Royal Academy and provide guidance as to its processes of management and administration.
- Annual reports and financial management reports.
- Minutes of previous meetings.
- Relevant RA policies and procedures.

They also have an induction session before the first (October) Council meeting of the financial year, conducted by the RA's President, General Counsel, Secretary and Chief Executive, Director of Finance and Director of Corporate Services, which includes key information on organisation finances and strategy, live issues requiring Council consideration, and an explanation of Council roles and responsibilities.

The Secretary and Chief Executive, together with the SLT, have delegated authority for the day-to-day running of the Royal Academy, and are accountable to Council for this. At each meeting, Council receives reports from the President and Secretary and Chief Executive, assessing organisation impact, financial performance and updating on key operational issues.

Council, Committees, and the SLT keep principal organisational risks under review. For further details on our risk management framework and principal risks and uncertainties please refer to page 27.

Stakeholder engagement

Staff and volunteers
The Royal Academy's staff, together with its casuals and volunteers, are central to its ability to deliver its charitable mission. The Royal Academy has a clear set of values linked to its mission and is committed to being an inclusive, diverse, and flexible employer. The Royal Academy works to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability, or any other protected characteristics. Further information on gender pay and reporting, diversity and inclusion and disability and wellbeing is provided in other sections of this report. The Royal Academy will continue its work on inclusion and racial equity across all aspects of the RA and is mindful of the ways that it can rebuild its programmes and the organisation to make every visitor feel welcome, and to create a more equitable workplace and place of study.

Business relationships with suppliers, customers, and others

The delivery of the Royal Academy's charitable aims and objectives is dependent on a range of relationships with suppliers and other business partners. Council has encouraged the SLT and wider management to develop and maintain trusted partnerships with both and expects the Royal Academy's partners to be aligned with its values. The Royal Academy seeks to act with honesty and integrity in all it does to deliver the best value for money in our mission to "promote creativity and the practices of art and architecture; and engage the widest possible public with the creation, enjoyment and understanding of the arts through exhibitions, learning and the exchange of ideas". Partner organisations are expected to comply with the requirements of any professional standards, or trade bodies, depending on their activities, and all applicable laws, statutes, regulations, and codes of practice relating to anti-bribery and anti-corruption.

The Royal Academy has a zero-tolerance approach to modern slavery and strives to act ethically and with integrity in all its business dealings and relationships to ensure that modern slavery does not take place in its own organisation or in any of its supply chains. The Royal Academy will continue to ensure that this approach is clear to partner organisations. The RA's latest statement on Modern Slavery and Human Trafficking, including the steps the RA is taking to ensure modern slavery is not taking place in its business or supply chains, can be found at: royalacademy.org.uk/modern-slavery-and-human-trafficking-statement.

Sustainability and environmental impact

The Royal Academy recognises that the climate emergency is a critical issue of our time. Reducing the environmental impact of our activities is a key priority for the organisation. It is part of the RA's 2023-28 Strategic Plan to *"reduce our impact on the planet and develop a strategy to deliver a net-zero carbon footprint and an environmental certification"*.

This year, we have been working to establish the RA's carbon footprint more precisely through its "scope 1" (direct emissions) and "scope 2" (purchased energy) carbon emissions (as defined under the Greenhouse Gas Protocol).

Streamlined Energy and Carbon Reporting (SECR)

This information is provided in line with Streamlined Energy and Carbon Reporting (SECR) requirements and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by the Companies (Directors' Report) and Limited Liability Partnerships (energy and Carbon Report) Regulations 2018.

The RA's total Greenhouse Gas (GHG) emissions (tonnes of CO2) and energy consumption (kilowatt-hours) for the 2022/23 financial year are set out below. This report includes energy usage at the RA's main site at Burlington House and 6 Burlington Gardens, together with warehouse properties (some of these were occupied for part of the relevant periods only). Also included are emissions from company owned vehicles for business use. For the first time, we have measured emissions from fluorinated gases (F-Gas) from chillers.

Emissions have been assessed by applying the appropriate 2022 and 2023 UK Government GHG conversion factors. The RA is required to express its GHG emissions in the form of an "intensity ratio" metric. For this purpose, the RA has chosen kilogrammes of CO2e per m2 of floorspace, based on total area of 18,365 m2.

Streamlined Energy and Carbon Reporting (SECR) for 2019/20 to 2022/23 financial years:

	Measure	2022/23	2021/22	2020/21	2019/20
Greenhouse Gas emissions (tCO2e)	Scope 2 (electricity)	873	859	985	999
	Scope 1 (gas, fleet mileage, F-Gas)	733	636	834	669
	Total	1,606	1,495	1,819	1,668
	kgCO2e/m²	*89*	*81*	*98*	*90*
Energy consumption (kWh)	Scope 2 (electricity)	4,430,675	4,144,798	4,303,791	3,998,283
	Scope 1 (gas, fleet mileage)	3,851,212	3,442,414	4,525,320	3635287
	Total	8,281,887	7,587,212	8,829,111	7,633,570
	kWh/m²	*451*	*413*	*481*	*416*

The RA's estate is almost exclusively lit by efficient LED lighting; and is powered by 100% renewable electricity. The RA has taken measures to increase its energy efficiency in the financial year. We took a decision to offset emissions from our consumption of gas, by investing in the Oaxaca IV, Wind Energy project in Mexico. This project is focused on the construction of a wind farm with 102MW installed capacity, providing renewable energy to the Mexican grid system, thereby reducing Mexico's dependency on fossil fuels. The project is accredited under the Verified Carbon Standard. We have also made significant improvements to the building fabric and insulation of the RA Schools premises within Burlington House as part of the ongoing refurbishment project.

Waste management

From a waste management perspective over the last three years, the RA has been committed to "zero landfill" and in September 2022 we re-tendered the waste management contract to reduce the level of waste sent to incinerators due to concerns regarding the carbon emissions from this process. Consequently, the volume of our waste recycling has increased by 52% year on year while over the same period the volume of our Energy from Waste has reduced by 50%. The table below provides waste data over the last three years. The significantly lower levels of waste in 2021 reflects long periods of closure during the pandemic.

Royal Academy of Arts waste report:

	2021	2022	2023 *	% change 2023 vs 2022
Landfill (Tonnes)	0	0	0	0
Recycled (Tonnes)	29	142	217	52%
Energy from Waste (Tonnes)	110	42	21	-50%
Total Weight (Tonnes)	139	184	238	29%
Cost (£)	£ 29,926	£ 45,392	£ 54,339	20%

* Estimated figures for October-December 2023.

Roadmap to Carbon Net Zero

Looking ahead we aim to further develop our work on "Scope 1" and "Scope 2" emissions, to understand more precisely the sources and drivers of emissions and develop targeted actions to reduce these. We will also establish "scope 3" emissions (indirect emissions in upstream and downstream activities) and then develop a detailed roadmap to delivering an overall net zero target.

Responsible investment

The Royal Academy recognises the importance of being guided by strong ethical principles and ensuring that our values are embedded in our plans and actions. As part of these guiding principles, the RA is committed to investing its funds on a socially responsible basis. In June 2021, Council approved the RA's Ethical Investment Policy and in October 2022 approved the updated and renamed Responsible Investment Policy ("the Policy"). The Policy is now reviewed annually and is published on the Royal Academy's website, with this year's update including reference to the values set out in the Royal Academy's 2023-2028 Strategic Plan. This states that *"in everything we do and everyone we engage with we are guided by a strong ethical compass. We take our responsibility towards the environment, social justice, and proper governance very seriously. In our work we meet fundamental principles in the areas of human rights, labour, the environment, and anti-corruption."* It has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the RA values of strong ethical principles. The Policy applies to the full scope of the investments held by the RA. The RA believes that to accord with its values when investing its funds, regard must be had to Environmental, Social and Governance ("ESG") issues. The Finance and Performance Committee monitors the operation and the effectiveness of the Policy and provides Council with an annual update in October each year.

Approaches to governance and governance review

The Royal Academy and its trustees (Council) take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

The Royal Academy regularly reviews its governance structure and processes, including commissioning external reviews in 2016 and 2020, as well as the review of committees described below. This has included assessment against the seven principles of the Charity Governance Code. Some improvements made relevant to these reviews include:

- Improved Council induction and training.
- Changed approaches to minute-taking, recording, and managing conflicts of interest.
- The introduction of standardised board and committee papers with guidance notes.
- Council agenda forward planning.
- The introduction of "skills matrices" to map and monitor the mix of skills on Council.
- Continuing to take advantage of dedicated board and committee administration software, increasing coherence and consistency and ease of access to relevant information.

With effect from 1 September 2022, a new committee structure for the Royal Academy was implemented with new terms of reference. This consists of five "core" committees: 1. Finance and Performance; 2. Exhibitions and Displays; 3. Audit and Risk; 4. People and Remuneration; and 5. RA Schools. Separately, provision has been made for the establishment of "Advisory Groups", to work more flexibly, outside the formal governance structure, to access and channel the insight and expertise of

Academicians and others. The new structure has operated successfully through the year, helping to improve organisational decision-making and governance.

RA Collection governance
The Royal Academy Collection is considered a *"Designated Collection"* by Arts Council England as a *"pre-eminent collection of national or international importance"* held by a non-national institution. The Collection is accredited through the Arts Council England Accreditation Scheme. Collection matters relating to the management of the Collection – its care, audit, and risk, report annually to the Audit and Risk Committee; and the work and scholarship of the Collections, Library and Archive teams is reported annually to Council, with loan requests and new acquisitions reported on as required (usually every meeting).

Disabled employees
The Royal Academy is committed to recruiting and developing a diverse and inclusive workforce at all levels. We want to ensure that opportunities to work at the RA are open to all, including disabled people, and that disabled employees feel valued and enabled to carry out their work and develop their careers with us.

Employee consultation
The Royal Academy places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Royal Academy. This is achieved through formal and informal meetings, including regular All Staff Meetings and on the Royal Academy's intranet. The RA Staff Council meets six times a year with elected staff representatives from across the RA meeting with a rotation of members of the SLT to discuss a range of topics relating to matters of concern to staff. Notes from these meetings are also shared more broadly with the wider staff.

Strategic review
The way forward strategy 2023-2028 ("2023-28 Strategic Plan") was formally adopted by Council in January 2023. This superseded the Vision 2021-25 put in place to drive strategic direction during the previous two years as an interim measure ahead of the new strategic plan being adopted.

2023-2028 Strategic Plan
Our founding mission is supported by a renewed vision and the priorities which guide our new five year strategy. The plan was developed in 2022, with the final version being approved by Council in January 2023. The plan was subsequently shared with the Committees of Council and the trustee boards of The Friends of the Royal Academy and Royal Academy Trust before being published on the RA's website.

The plan sets out the RA's vision for the next five years and provides a clear roadmap supported by a coherent set of priorities designed to help the RA to realise its ambition. The broad strategic aims outlined in this plan will be underpinned by a series of operational plans which outline the details of implementation and provide metrics for evaluation. These operational plans are now being developed and are considered further in the Strategic Report, together with the strategic priorities. The strategy was developed by the Secretary and Chief Executive in consultation with members of the Senior Leadership Team, the Senior Management Team, the other Officers of the RA (The President, Treasurer and Keeper), as well as the Royal Academicians, Council, and the trustees of the Royal Academy Trust.

The five year strategy underlines the mission, vision, and values of the organisation. The RA's purpose originates from 1768 and remains relevant today: to promote outstanding achievement in art and architecture; to contribute to advancing contemporary practice; and to expand the public's appreciation, enjoyment and understanding of the visual arts.

Mission 2023-28
The Royal Academy of Arts is one of the oldest arts organisations in the United Kingdom. Founded in 1768 by a group of artists, it has remained an artists' association led by its members, the Royal Academicians, to the present day. In 1768 the Instrument of Foundation stated that the RA would: *"Promote the arts of design and educate the public in the creation, enjoyment and understanding of the arts through exhibitions, education and debate."* For the 2023–2028 Strategic Plan, the RA's mission statement has been updated to bring its language into line with current terminology: *"We promote creativity and the practices of art and architecture; and engage the widest possible public with the creation, enjoyment and understanding of the arts through exhibitions, learning and the exchange of ideas."*

Vision 2023-28
The 2023–2028 Strategic Plan establishes an updated vision for the RA in:

- Believing that art has the power to enrich and change lives.
- Being an active, artist-led academy of art and architecture.

- Placing artists and artistic practice at the centre of everything we do and promoting outstanding achievement in art and architecture.
- Aiming to stimulate people's curiosity, wonder and sheer enjoyment of art and architecture and unlocking the imagination and the creative potential of everyone who engages with us – from schoolchildren to adult art-enthusiasts, from aspiring students to practising professionals.
- Meeting and challenging the ideas and interests of an increasingly diverse audience through a varied and inclusive programme that extends seamlessly from the unique experience of visiting our buildings to a distinct online offering.
- Advocating emphatically for the critical importance of continued art education in the UK.
- Creating an inclusive, collegiate work environment, offering meaningful, professional careers.
- Proudly maintaining our independence.

Values 2023-28

The 2023–2028 Strategic Plan includes renewed shared values for the RA to guide decision making and ways of working:

- Forever creative: Ignited by artistic imagination and the creative process, new perspectives, and critical thinking help us to understand the world around us. From our inception we were set up to inspire a wide participation in the creative process, an aspiration more vital today than ever.
- Fiercely independent: Independence is one of our founding principles, and one that we fiercely defend. Neither in receipt of public money nor governed by public policy, we can chart our own course and use our voice to advocate for the things that matter most to us: creativity, a plurality of voices, and the value of art education.
- Unapologetically excellent: Excellence can only be achieved where there is the courage to take creative risks and push boundaries. Led by the Royal Academicians, the RA Schools, our outstanding exhibitions and public programmes, and our unique collections and archives embody this continuum of excellence.
- Belonging to all: Everyone who makes art, loves art, or wants to support art belongs to the RA's unique community. It is our responsibility to open up new ways into art and to develop programmes that reflect the interests of the diverse society we serve.
- Ethically grounded: In everything we do and everyone we engage with we are guided by a strong ethical compass. We take our responsibility towards the environment, social justice, and proper governance very seriously. In our work we meet fundamental principles in the areas of human rights, labour, the environment, and anti-corruption.

Royal Academicians

The RA was saddened to learn of the deaths over the past year of Royal Academicians, Tom Phillips CBE RA, Anthony Green RA, Dame Professor Phyllida Barlow DBE RA, Sonia Lawson RA, Sir Michael Hopkins CBE RA, and Joe Tilson RA and Honorary Academician Arata Isozaki.

The following were elected as Honorary Academicians during the year:

- On 13 December 2022, Kerry James Marshall.

The following were elected as Honorary Fellows during the year:

- On 13 December 2022, Professor Emily Holmes, and Professor Ngaire Woods.

The following were elected as Royal Academicians during the year:

- On 13 December 2022, Roger Hiorns, and Veronica Ryan OBE in the category of Sculpture and Barbara Walker MBE in the category of Painting.
- On 28 March 2023, Tom Emerson and Stephanie Macdonald in the category of Architecture and Hurvin Anderson in the category of Painting.
- On 31 May 2023, Nigel Coates, and Elsie Owusu OBE in the category of Architecture.

Senior Leadership Team

Led by the Secretary and Chief Executive, seven directors have responsibility for the following areas: Exhibitions, Audience and Experience, Collections and Learning, the RA Schools, Development, Corporate Services, and Finance. This Senior Leadership Team is responsible for the implementation of strategy and day-to-day management of the Royal Academy.

ACTIVITIES, ACHIEVEMENTS, AND IMPACT

Review of activities

Looking back on 2022/23, we chart our progress in the seven areas described above.

The Royal Academy of Arts
Trustees' Report
For the year ended 31 August 2023

1. Exhibitions

Main Galleries

William Kentridge was an ambitious multi-media exhibition that occupied all the Main Galleries and the vestibule. The exhibition focused on how Kentridge uses drawing as the backbone of his practice, not only to produce stand-alone works but also to create animated films and larger productions. The exhibition contained over 150 objects that traced his career from the early 1980s through to the present day. The artist created a large series of wall drawings in situ (to animate the work Ubu Tells the Truth, 1997) in the Large Weston Room. The exceptional loan of the mechanical theatre Black Box/Chambre Noire, 2005, was made possible thanks to the generosity of the Louisiana Museum of Modern Art, Humlebæk. The exhibition gained extremely positive reviews in the press; for Jackie Wullschläger, writing in the Financial Times, it was the contemporary exhibition of the year, stating that *"he [Kentridge] is a beacon in troubled times, his work emblematic of art's capacity to enlighten, entertain and enthral."* Kentridge gave a performance of Kurt Schwitters poem Ursonate in the Benjamin West Lecture Theatre and Tony Bonani Miyambo performed Kafka's Ape, from the Centre for the Less Good Idea, the collaborative and experimental arts venue founded by Kentridge in Johannesburg. Further pieces from the Centre were performed as part of a collaborative initiative with the Barbican that also included the chamber opera Sibyl. The exhibition will travel to the Taipei Fine Arts Museum, Taiwan, in May 2024. The exhibition was supported by the William Kentridge Supporters Circle, Goodman Gallery and Marian Goodman Gallery and attracted over 102,000 visitors.

Spain and the Hispanic World was a touring exhibition developed by The Hispanic Society Museum & Library in New York, which presented a visual narrative of the history of Spanish and Hispanic culture through over 150 masterpieces from their collection. Arranged chronologically, the exhibition reflected the great diversity of cultures and religions — from Celtic to Islamic, Jewish, and Christian — that across four millennia have shaped and enriched what we today understand as Spanish culture. The show also captured the depth and breadth of the Hispanic Society's collection, and included paintings, sculptures, silk textiles, ceramics, lustreware, silverwork, precious jewellery, maps, drawings, and illuminated manuscripts. Highlights included The Duchess of Alba (1797) by Francisco de Goya; World Map (1526) by Giovanni Vespucci; Portrait of a Girl (c. 1638-42) by Diego Velázquez; Vision of Spain (sketch) (1912-1913) by Joaquín Sorolla; and an unrivalled collection of decorative lacquerware pieces from Colonial Latin America. The exhibition attracted over 114,000 visitors and was accompanied by a catalogue presenting fifty highlights from the show. *Spain and the Hispanic World* was supported by The Magic Trust, Crankstart Foundation, and Ömer Koç, with additional support from the Embassy of Spain, London, and the Dr Lee MacCormick Edwards Charitable Foundation.

The *Summer Exhibition 2023* was led by coordinator David Remfry, under the theme of *"Only Connect"*. He was joined on the selecting committee by Peter Barber RA, Eileen Cooper RA, Bill Jacklin RA, Katherine Jones RA, Tim Shaw RA, and Clare Woods RA, who together selected 1,613 art works, the highest number in over two decades. Highlights included a large-scale sculptural mobile by Irish fashion designer Richard Malone, towering sculptures by the late Phyllida Barlow RA and Peter Barber RA's celebration of the skills of the handcrafted in architecture. The exhibition was generously supported by Insight Investment and attracted nearly 167,000 visitors.

The Gabrielle Jungels-Winkler Galleries

Making Modernism was the first major exhibition in the United Kingdom devoted to women artists associated with modern art in Germany in the early decades of the 20th century. Many of the works included were exhibited in this country for the first time. While this period is generally known in the UK through the work of its male protagonists such as Max Beckmann, Ernst Ludwig Kirchner, and Wassily Kandinsky, the women artists of the same era are less familiar, though no less central, to the development and dissemination of modernism. *Making Modernism* brought together around 70 works primarily by Paula Modersohn-Becker, Käthe Kollwitz, Gabriele Münter, and Marianne Werefkin, as well as several works by artists such as Jacoba van Heemskerck, and Erma Bossi, for whom contact with the circles and networks of avant-garde modernism were formative in their aesthetic and conceptual development as artists. The exhibition was supported by BNP Paribas with additional support from the Huo Family Foundation, The Tavolozza Foundation, and the International Music and Art Foundation and was visited by over 83,000 people.

Souls Grown Deep like the Rivers: Black Artists from the American South was the first major UK exhibition devoted to black artists working in America's Deep South, from the mid-20th century to today. Organised in close collaboration with the Souls Grown Deep Foundation of Atlanta, Georgia, the exhibition was curated by Raina Lampkins-Fielder. Through 64 loans, the majority of which had never been exhibited in this country before, it foregrounded the creativity of this unique artistic tradition, and presented the work of over 30 artists including Thornton Dial, Lonnie Holley, Mary T. Smith, Joe Minter, Purvis Young, Nellie Mae Rowe, Mose Tolliver, and the quiltmakers of Gee's Bend, Alabama. The exhibition was very popular with the public and critics alike, attracting over 38,000 visitors and receiving glowing reviews in the UK press, with many particularly praising the introduction of previously lesser-known artists to UK audiences. The exhibition was supported by the Ford Foundation and Brooke Barzun.

Herzog & de Meuron was the first exhibition of the Swiss architecture practice for nearly 20 years and focused on the practice's design process and philosophy of care. The exhibition opened with a display of more than 400 models, prototypes, films, and photographs - taken by Thomas Ruff - relating to projects created since 1978. It continued with a specially commissioned film by Beka & Lemoine about the Rehab clinic in Basel – a prototype project for their larger current hospital projects. The final gallery focused in detail on the Kinderspital in Zurich and featured a 1:1 mock-up as well as an interactive augmented reality digital model, as part of a specially designed smartphone app. Visitor numbers for the show totalled over 39,000, with widespread coverage in the press and on social media. The exhibition was supported by Stefan Bollinger, Pro Helvetia, and Scott and Laura Malkin.

Architecture programme

Architecture at the RA welcomed 3,000 participants across its events programme, spanning in-person and online audiences, in which over 30 speakers discussed topics that ranged from architecture for healing to how to deal with "problematic" monuments. Over the course of the year, *Architecture at the RA* has tested new formats for events including the livestreamed curator introduction of *Herzog & de Meuron* in July 2023.

In June 2023, the RA hosted a new event, the *Summer Exhibition Architecture Afternoon* as part of the London Festival of Architecture programme. The day gave opportunity for exhibitors in this year's Architecture Room to reveal the stories behind their work, followed by a presentation from Peter Barber RA, as curator of the Architecture Room. The event culminated in a party in the Fine Rooms, which was attended by over 400 guests.

The RA's annual *Architecture Awards Week* took place in September 2022. The RA Architecture Prize was awarded to the French architect, Renée Gailhoustet for her career dedicated to innovative social housing. Four finalists were nominated for the RA Dorfman Award, including Semillas (Peru), Dot Architects (Japan), Apparata (UK), and Wallmakers (India). The award was presented to Vinu Daniels from Wallmakers in recognition of the practice's innovative use of materials and sensitivity to local context and climate.

In Summer 2023, Nichola Barrington-Leach, of NVBL Architects, was announced as the recipient of the Renée Gailhoustet Residency. Developed in collaboration with the British Council as a legacy project after Gailhoustet was awarded the RA Architecture Prize, this residency allowed Nichola to spend six weeks living in Paris, studying the architect's work.

Between October 2022 – May 2023, the RA presented two displays in the Ronald and Rita McAulay Gallery alongside the *John Hejduk: London Masque* exhibition. *We Built This City* presented work by students on the RA's Young People's Programme, and *London Un-masqued* displayed work by students from the Architectural Association. In July 2023 *Drawing New Lines: Voices in Swiss Architecture* opened, which explored the work of five young Swiss architecture practices and organisations. This display was supported by the Swiss Arts Council Pro Helvetia and Presence Switzerland.

2. Audience and Experience

Together, the eight departments that constitute Audience and Experience worked to deliver a successful plan for recovery of audience numbers and revenue, firstly rebuilding awareness, and anticipation of all that the RA has to offer, and secondly striving to ensure that every element of every visitor's experience then meets or exceeds that expectation.

In a post-pandemic world of disrupted routines, working patterns and priorities, a wider environment of increasingly digital communication, and the onset of a cost-of-living crisis, our focus has been on reaching the widest possible audience for the RA, whether on site, online or as part of the wider cultural conversation. The relevance of our fundamental strategic aims - a commitment to excellence of artistic practice and its enjoyment, and to creating an accessible, welcoming connection and community for all – has been both timely and vital, underpinning our approach to every area of activity.

Sales, Marketing and Loyalty

The creation in 2021 of a single Sales and Marketing team, tasked with looking after all RA public audiences and including Friends, has proved operationally and financially effective. The department now unites the two essential components of marketing expertise, connecting creative and imaginative campaign planning with the data management, CRM, and analysis input to support it. Working closely with colleagues within the Design team, ambitious campaigns were built through 2022/23 to support the various strands of RA programming, each carefully tailored to reach different audiences via different channels.

The high-profile, visually stunning campaign for *William Kentridge* proclaimed the exhibition throughout London, via video and large-scale poster installations in key locations including the newly opened Elizabeth London Underground line. Those same creative assets were then used to reach Friends via email and the RA Magazine, encouraging the use of membership benefits as a way of enjoying the richness of the exhibition via multiple visits. Repurposed for digital advertising, the content was rolled out through targeted campaigns designed to reach new audiences, with particular emphasis on a younger and more diverse demographic.

"Young RA" was a broader priority for the year overall, with the launch of major new initiatives designed to build younger audiences for the RA now and into the future. Introduced in September 2022, a new scheme designed for 18-25 year olds makes all exhibition tickets available at half price, whilst at the same time the age threshold for Young Friends memberships (operated through the RA's sister charity, The Friends of the Royal Academy) has been extended to 35: *"stay younger for longer"*. At the same time, concession prices were reviewed and the opportunities for free entry also extended, thanks to BNP Paribas AccessArt25 programme.

The result is a successful, more easily understood ladder of price points for access to the RA, reflected in a significant and sustained increase in younger visitors and membership acquisitions. The commitment to younger audiences was further reinforced by the reintroduction of regular late opening hours every Friday, the first step in a broader consideration of optimised opening hours for changing audiences, lifestyles, and age groups.

Digital Content and Partnerships

The increasingly critical role of digital editorial content, accessed via digital channels (website, email, social media, and digital advertising) has been a priority for 2022/23, with an expanded team and revitalised strategy, focused on serving the right content to the right audiences in the right place. With social media appetites and trends evolving constantly, emphasis has been on the development of a content proposition that sets the RA apart and where we have competitive advantage.

Visitors come to the RA for its content: the stories it can tell, the inspiration it can provide, the teaching and expertise it can offer. From December 2022, the Digital Content team is managed in partnership with the RA Magazine team, bringing together commissioning and editorial expertise and the capacity to create alternative content formats and ways into the RA.

Particular focus has first been given to themes of artistic practice and art making. Working in partnership with Public Programmes, Marketing and Audio-Visual, projects have included the creation, delivery and support of *Sketch Club*, a monthly online class that regularly attracts over 1,000 attendees. The development of a Facebook *Sketch Club* community has encouraged participants to engage and continue the conversation beyond the class itself, with the artwork and assets created in the classes helps advertise to potential future students. Another digital route in was the *Summer Exhibition*, with live coverage of creating access for an online audience, from Stanley Tucci arriving at the *Summer Exhibition Preview Party* through to artists describing their practice and experience. Together, the different threads of storytelling provide routes for engaging with the RA conversation and the organisation, as a whole, with content designed to be repurposed by channel and used through the year. Our focus on social-first video has led to the number of video views on Instagram increasing by 580% compared to the previous year.

Digital content also helped amplify all the work achieved this year in recognition of our LGBTQ+ community, in partnership with the RA's LGBTQ+ Affinity Group. A new programme of staff research, shows, and wider celebration of the contribution of LGBTQ+ artists and staff was shared via social media, connecting internal activity with a wider audience and, we hope, future visitors and staff. The wider role of digital in promoting inclusivity, equity and accessibility for the RA is at the centre of our emerging strategy; it is how we reach people.

Digital Product and Infrastructure

The main focus of 2022/23 for product and infrastructure teams has been the development and roll-out of initiatives funded by our successful application to Bloomberg Philanthropies' Digital Accelerator Fund, in this second year of the just under £1.0m project. The work has been managed via three separate strands: Strand A focused on updating the user experience and infrastructure of the main RA website; Strand B on delivering a digital studio function to support online events and testing the business case for taking this forward; and Strand C researching the organisation's needs for digital asset management.

This complex and ambitious project has been expertly executed, coordinating collaboration with multiple stakeholders with technical delivery and reporting deadlines. In Strand A, improvements to the website included page load times, meeting compliance standards for accessibility, fulfilling digital membership, increasing mobile conversion rates, and rethinking the navigation of the site, as a whole. It has been highly encouraging to see the results, with our ambitious metrics and KPIs all on track to be achieved or exceeded, as well as positive user feedback. Within Strand B, the programme of online events is on track to meet the break-even targets set for the project, thanks to investment in the necessary AV equipment and, also, crucially in the evolution of a more connected working practice between the essential teams (programming, marketing, AV, digital content). The response to online Courses and Classes developed by the Public Programmes team has been particularly encouraging with potential for future expansion. In Strand C, the opportunities for investment in a DAMS system have been researched fully.

Beyond the Bloomberg project, this team have also worked intensively on the digital products and systems that support the *Summer Exhibition*. These systems are vital to the whole process, from the earliest stages of submission of artworks for selection right through to their sale: as such they form an essential link between the RA, artists, customers, service, and revenue. Work on the Summer Explorer (the website that catalogues the exhibition) is reflected in an easier product for the

customer, and, also, for the team to manage and adapt each year. Less visibly but no less importantly, a roadmap and investment plan for the underpinning RASE system has also been developed, protecting, and building its potential for the future.

Commercial: Retail, Publishing and Art Sales

2022/23 continued the strong recovery of the previous year, with excellent results in terms of both revenue and customer satisfaction throughout the year. The William Kentridge Studio was a generous and collaborative partner, working closely with both Publishing and Retail to develop a richly illustrated catalogue, also available as a special edition. The catalogue sold well both at the RA and in the trade. Other collaborations also included a partnership with Floris, with the artist creating a fragrance that evoked all his favourite senses and smells, as well as textiles, ceramics, and paper products. This innovative approach to shop ranging, creating collections that reflect the artist's interests rather than simply reproducing their work, has been extremely popular with both artists and customers.

Making Modernism proved a popular show and catalogue also, introducing the works with insightful texts from Professor Dorothy Price and other contributors including Chantal Joffe RA. In contrast, for the spring exhibition, *Spain and the Hispanic World*, both Publishing and Retail took their cue from the market of that time, tailoring the catalogue as a more accessible paperback introduction to appeal at a lower price point, and with the product range focused on affordable, accessible treats from Spain: chocolate figs proving a major trend of Spring 2022.

Our *Herzog & De Meuron* collaboration required a different approach in turn; prepared in Summer 2022 for the autumn exhibition, the book thoughtfully designed as a broader introduction to the practice's work and buildings more generally, and in doing so, appealing to the wider book trade where it has since sold strongly, as well as in the RA shops.

Art Sales have continued to flourish with major exhibition collaborations further complimented by displays within the Keeper's House, 6 Burlington Gardens entrance and our restaurants and cafés. The generosity and collaboration of Royal Academicians is greatly appreciated by visitors and customers, and with the refresh and relaunch of premium membership planned for Autumn 2023, access to Art Sales and the opportunities that offers for our most interested audiences will be a key priority, with the introduction of collectors' evenings and wider promotion. Autumn 2023 will see a new connection between our main and commercial websites enabling a much easier visitor journey, with all our displays now fully searchable.

Visitor welcome

At the heart of our mandate is our commitment to welcoming visitors to the RA itself. The professionalism and service provided by Front of House teams continues to be a measure on which we excel, with the quality of the guidance provided, helping rebuild audience confidence and loyalty. Our feedback email introduced in 2021 is sent to all visitors following their visit, providing us with valuable insight as well as a rapid, convenient means of direct communication.

Our commitment to creating a truly accessible welcome, immediately evident and sustained across every touchpoint, informs every team decision. Equity, Diversity, and Inclusion are at the forefront of our work, objectives worked into our recruitment and training and our wider development of policy and visitor service. Feedback from our teams and their expertise in looking after RA audiences informs our approach for the future.

The quality of visitor hospitality continues to build in popularity. New initiatives for 2022/23 have included the new café facility designed for the courtyard, greatly improving both the look and the service of our offer, as well as the warmth of our staff. Fast becoming an established favourite is Friday Night Pintxos at the Poster Bar, encouraging a regular local clientele as well as appealing to our younger audiences visiting for late opening, and pointing to opportunity for the future.

3. Collections and Learning

Collections: Displays

Collections Gallery

The current display at the front of the Collections Gallery, *Image of the Artist*, 1 March – 31 December 2023, brings together self-portraits by current and recent Royal Academicians from the last 50 years, inspired by the RA Collection's self-portrait by Sir Joshua Reynolds PRA. The display offers an opportunity to highlight new Diploma Works by Hew Locke RA, Gillian Wearing RA, and Clare Woods RA. For three months, until 31 May 2023, the display also featured a *Self Portrait* by Dame Paula Rego RA, on loan courtesy of Ostrich Arts Ltd and Victoria Miro, and never previously exhibited in the UK.

The previous display *Explorations in Paint* travelled to the National Trust property, Petworth House, where it was extremely popular and viewed by thousands between March and September 2023.

The *Emma Stibbon,* 8 October 2022 – 11 June 2023, cabinet display centred around the large-scale woodcut *Collapsed Whaling Station, Deception Island, Antarctica* by Emma Stibbon RA. Her woodcut was accompanied by a selection of prints, drawings highlighting ruination, extreme conditions, and the fragility of place.

Spotlighting five newly acquired works by the internationally renowned photographer Catherine Opie, the cabinet display, *Catherine Opie: Portraits of Artists,* 17 June – 3 December 2023, features portraits of Royal Academicians David Hockney RA, Anish Kapoor RA, Gillian Wearing RA and Isaac Julian RA, and RA Schools graduate Lynette Yiadom-Boakye. These five artist portraits form part of *Portraits and Landscapes,* an open-ended series that depicts the friends, fellow artists, writers, and fashion designers that Opie most admires.

These acquisitions have been supported by: The Ampersand Foundation; Guy and Alexandra Halamish; Francis Outred; Laura and Barry Townsley; Catherine Opie; Thomas Dane Gallery; and Regen Projects, Los Angeles. The Director of Collections and Learning was in conversation with Catherine Opie at the RA in July 2023 in the Benjamin West Lecture Theatre.

The John Madejski Fine Rooms

The new Fine Rooms displays in April 2023 highlight key aspects of the RA Collection. In the Slaughter Room, landscapes by 19th century rivals John Constable RA and J. M. W. Turner RA, are juxtaposed with artworks by later landscapists, while the Council Room celebrates 20th and 21st century responses to landscape. The Reynolds Room is a celebration of people and places of the mid-late 20th century.

Collections Management and Archive, Library, Picture Library and Photographic Archive

We continue to focus on inclusion and race equity work involving a closer look at our own history and how we highlight and discuss works in the Collection today. Requests from external readers for the spreadsheet of Royal Academicians and their colonial connections from 1768-1850 have been numerous. Work continues focused on Sir Joshua Reynolds PRA's sitter books, some of which have also been digitised this year, the 300th anniversary of his birth.

This year we secured a work from Louise Wilson (Jane and Louise Wilson RA) - an excellent addition to our growing film collection, and we acquired an early sculpture from Rana Begum RA. *Nought Poem II* by Fiona Banner RA and *Quiver* by Shirazeh Houshiary RA were accepted in June 2023 and Anish Kapoor RA's Diploma Work was received in October 2023.

Generous new funding from Christophe and Valérie Jungels-Winkler enabled us to make two purchases from the RA Schools show in June 2023 – a film by Louis Morlae and a painting by Elinor Stanley.

A Collections Audit was held in Spring 2022. All (minor) recommendations were actioned and the Collection re-accreditation by Arts Council England was successfully achieved in early 2023, with minimal recommendations and many congratulations to all.

Finance, Legal and Collections teams have been involved in negotiations for the long term storage of the Collection over the past two years. These were successfully concluded in Autumn 2023. In addition, a major amount of Library and Archive material has been relocated to new storage in south London.

The team are working hard on both the reinstallation plans for the RA Schools in 2024 and the vision for the forthcoming redevelopment of the Collections Gallery in the north-west corner of 6 Burlington Gardens in 2025/26.

The RA Library and Archive continues to be open by appointment to Royal Academicians, staff, and external researchers every Tuesday and Thursday. The number of visiting researchers is well over 300, in addition to the service provided to staff and students (more than 600 visits). The team also handle thousands of enquiries, and regularly engage with "behind the scenes'" tours for patrons and special visitors.

The annual audit of 1,500 books from the library rare book collections continues - a project that provides the opportunity to assess the condition of the books and to make a record of the volumes that require repair by our Art Society book conservation volunteers. We have received significant donations of books to the library. Thanks go to all volunteers and donors.

Research, cataloguing, and records management continue to form much of the work in the Archives, although as noted there have also been considerable practical challenges around storage and relocation. Intelligent appraisal and disposal of boxes enabled a smooth transition.

After an appraisal of appropriate Picture Agencies, Heritage Image Partnership ("HIP") emerged as a frontrunner for a partnership with the RA. HIP partners with a variety of other agencies around the world, including Art Resource in America and Scala in Italy, taking our images to a global market.

Conservation has been carried out on the wonderful album of photographs and ephemera that documents life in the RA Schools c.1904, gifted to the RA in 2021.

Archive, Library and Picture Library managers worked hard on Strand C of the Bloomberg Digital Accelerator Fund project along with consultants Connecting Cultures. This work has produced proposals to transform the way that we manage and exploit images and other digital assets in the future.

Learning, Public and Academic Programmes

Public Programmes launched a wide range of programmes with artists in-conversations, panel discussions and curators' talks as well as courses and classes. The high-profile *Artists on Art* series generated the highest attendances for events at the RA with over a thousand online participants for some of the talks, as well as all six lectures selling out the Benjamin West Lecture Theatre on site. Thanks to Royal Academicians Sir Grayson Perry CBE RA, Antony Gormley RA, Farshid Moussavi RA, Isaac Julien RA, Lubaina Himid RA, Sonia Boyce RA, Hew Locke RA, and Yinka Shonibare RA among others, who contributed to our Benjamin West Lecture Theatre Programme.

This year we held the first annual symposium supported by the Armando Garza-Sada Sr. Endowment for the Arts. Taking place in March 2023, *Spain and the Hispanic World Symposium: Cross Cultural Exchanges* was linked to the RA's exhibition of works from the Hispanic Society Museum and Library and explored current academic perspectives on the histories of cultural exchange between Spanish and Latin American worlds.

Many practical and art history courses continue to sell out and the Public Programmes team's online *Saturday Sketch Club* regularly attracts over 1,000 participants to a monthly drawing session. Trials of other online practical courses have worked very well, the Bloomberg Philanthropies funding enabling teams to explore different formats and audience sizes.

The flagship Teachers programme continued successfully with the launch of a suite of new downloadable teacher resources as well as free and subsidised CPD and networking events at the RA. In Autumn 2023, we also welcomed state primary school classes back to the RA – all available slots for the year booked within days. The fifth year of the *Young Artist's Summer Show* ("YASS") took place, with 21,000+ students submitting artworks from across the UK. The exhibition had 12,000 visitors over a four- week period. A two-week campaign with *Build Hollywood* saw artworks displayed in celebration on billboards in 12 cities across the UK.

The 2023 attRAct programme continued as a virtual offer for 15-19 year olds, with young people attending the year long series of free online workshops. In collaboration with RA Schools, attRAct also hosted another very successful Summer School. A group of Young Producers worked with the Young People's Programme to host a spectacular *AccessArt 25* event for c.2,000 16-25 year olds connected to the *Marina Abramović* exhibition. *AccessArt 25* in October 2023 was sponsored by BNP Paribas with 85% of tickets sold out within 24 hours. A casual *Drop in and Draw* regular monthly evening event continues to attract c. 150 participants per evening providing a continuity in our connection to this younger audience.

The Family Studio programme and workshops for children with SEND continue, now also hosting an Early Years component for families. In *Communities*, in addition to the monthly *Making & Connect* and *Making Space* workshops, the in-practice evenings return in November 2023; these provide an opportunity for neurodiverse artists and artists with disabilities to share their practice and experiences.

The *Executive Masters in Cultural Leadership* continues with its 5th cohort of students. Courses this year were held in Maastricht, London and Venice and enabled students from previous "Covid" years to join in catch-up sessions. All courses garnered excellent feedback on the blend of academic and high-profile cultural leaders who led the programme, including now also two alumni who hold senior positions in the cultural sector. In Autumn 2023, the Director of Collections and Learning travelled to the Middle East and the USA to raise awareness of the programme among sector colleagues and prospective students.

The teams across Collections and Learning continued to contribute widely to scholarly publications including RA catalogues and book chapters, delivering university lectures, TV, and radio interviews, and writing for our own RA Magazine and online content.

4. RA Schools

Capital projects: RA Schools Project

The RA Schools Project dominated the academic year. This major project, due for completion in 2024, will see a fully accessible school with restored studios, a new library and, for the first time, a studio dedicated to time based media.

Whilst the project is in progress, the students moved into temporary studios for the duration. These studios, in the north-west corner of Burlington Gardens and the Sackler Wing of Galleries in Burlington House, have proved a great success. An excellent design by the Estates team has been appreciated by the students.

The return of the Cast Collection
The RA Schools and the Collections team are working together on display plans for the return of the casts to the Life Drawing Room, Cast Corridor and Architecture Studio in 2024.

Academic programme
In support of the 33 students (with the number currently reduced to accommodate the RA Schools Project), the academic programme included lectures, artist talks, group critiques and tutorials where discussion and debate is fuelled, ideas are shared, and knowledge is exchanged. In addition to our expert permanent faculty, leading contemporary artists and thinkers are invited to contribute.

Lecturers included Jennifer Higgie on her book, *The Other Side: A Journey into Women, Art and the Spirit World*, Professor Dorothy Price gave an introductory lecture on the upcoming RA exhibition *Entangled Pasts*, and Laura Lopez delivered a lecture on, *The Haunted House, Mike Kelly and the Supernatural,* Miranda Duncombe and Extinction Rebellion Co-Founder, Clare Farrell, discussed the urgent responsibility of artists and institutions to address the climate emergency. The lecture explored activism, the theory of change, holacracy, and action logic. Contributors to our Artists' Talk series included Maria Lisogorskaya representing Assemble RA Elect, Zineb Sedira, Harold Offeh, Appau Junior Boakye-Yiadom and Jane and Louise Wilson (Jane and Louise Wilson RA).

Crits and tutorials took place throughout the year, guest contributors included, Jennifer Martin, Joy Gregory, graduate Prem Sahib, Michelle Williams Gamaker, Simeon Barclay, Hew Locke RA, Vanessa Jackson RA, and Eranda Professor of Drawing Alison Wilding RA.

Critical Fellow
Federico Campagna, Critical Fellow, Royal Academy Schools and Prof. Charles Burnett, Professor of the History of Islamic Influences in Europe, Warburg Institute, gave two lectures exploring how Western science emerged from writings on mathematics, magic, and astronomy, and was made accessible to Western audiences through the pan-Mediterranean translation movement of Arabic, Syriac, Greek and Latin texts across the medieval period.

Workshops
Professor of Chemistry, Bronwyn Ormsby, offered us a fascinating tour of the Tate Conservation Labs.

Architectural walks
Newly appointed Professor of Architecture, Peter St John (Adam Caruso and Peter St John RA), organised a series of three architectural walks, each offering insights into different aspects of London's architecture.

The first of the series was in Mayfair, where the RA Schools students visited a flat designed by Denis Lazdun (with later adaptations by Jamie Fobert), the Economist building, Gagosian Gallery, Grosvenor Hill, and All Saints Church on Margaret Street. The second architectural walk of the series was "Lost Dreams of Modernism", which concentrated (mainly) on social housing of the 1960s and 1970s in Camden. The final walk of the year included the Soane Museum and the Inns of Court.

These architectural walks offered students an enriching platform to observe and understand various architectural dimensions, spanning historical and contemporary, political, and functional aspects.

Royal Academy Schools professors
As their four year terms came to an end we thanked Professor of Anatomy, Roger Kneebone, and Alison Wilding RA, Eranda Professor of Drawing, for their contribution to the Royal Academy Schools.

RA Schools Committee
We thanked Gary Hume RA who stepped down from his role as Chair of the RA Schools Committee at the end of his term.

Graduation
Fourteen students graduated this year- the last of the students who have had an extension of their course from three years to four years due to the Covid pandemic.

Exhibitions

RA Schools Show, 8 – 25 June 2023

This year, the 14 artists graduating from the RA Schools exhibited their work in the Sackler Wing of Galleries, the Weston Studio, the Ronald and Rita McAulay Gallery and the north-west corner of Burlington Gardens. In addition, there were works in the public spaces of the RA. The Keeper's introduction to the show summarised it: *"Echoes or fragments of reintegrated traditions pulse through the RA Schools Show 2023. There is a heightened emotional response to the figure – painted, performed, or built in the metaverse. There are trippy, haunted landscapes drenched in toxic colour, beauty, and foreboding. There is still life – crushed, inlaid internal objects, externalised, and precisely placed in real space. This year, all the ghosts of the traditional mediums are in evidence, resuscitated, reassembled, rejected, or reimagined in a cumulative path of progression and contemporary conversation, a testament to the intergenerational, multidimensional life of the Royal Academy."*

Premiums

Our *Premiums* exhibition programme continues in its new format of three small group shows of second year students work, which take place in the Weston Studio throughout the second term. *Premiums Interim 1,* ran from 11 January - 12 February 2023, and featured Fleur Dempsey, Ilze Aulmane, and Massimiliano Gottardi; *Premiums Interim 2,* 15 February - 12 March 2023, featured Fungai Benhura, Racheal Crowther, Jame St Findlay, and Norberto Spina; and *Premiums Interim 3*, 16 March - 17 April 2023, featured Kevin Brennan, Lizzie Munn, Fischer Miustin, and Tanoa Sasraku.

Starr Fellow Show

The Starr Fellow of 2023, Unyimeabasi Udoh, presented their work "Ava" in the form of a public exhibition in the Weston Studio from 26 April - 21 May 2023. The Starr Fellowship is a one year fellowship at the RA Schools for a visual artist who is a U.S. national.

Study trip

The RA Schools organised their first study visit since 2019, offering the staff and students the opportunity to visit Venice. They were accommodated at the Cini Foundation. We visited the Venice Biennale and Venice's historic collections.

Workshops

The newly built workshop facilities continue to be much in demand. This year has seen an increased number of students engaging with printmaking, ceramics, metalwork, and mold making which has been evident in the range of artworks included in the *Premiums* shows and the *RA Schools Show*. Improvements in RA Schools facilities for students included a third 3D printer to enable them to print with resin-based materials as well as ceramic and nylon. A third test kiln, a new wall saw, new metal guillotine, sandblasting and extraction systems were also purchased. These additions have improved both the quality and efficiency of production.

Similarly, photography and digital media have benefited from the purchase of new still and moving image cameras, black magic, VR, AR, and drone technologies that lead us towards a more professional 21st century set up. This was achieved through a RA Schools collaboration with Development generating £20,000 via a private donation specifically targeted for this purpose. This will be consolidated through the completion of the new digital media and performance workshop in 2024.

Admissions

Admissions for the October 2023 cohort were opened in September 2022; there were 736 applications - a small increase from the 711 applications the previous year. The selection panel sat in January and selected 54 for interviews across February and March 2023. Twelve candidates were selected. This is a reduced cohort to accommodate the RA Schools Project which runs into Spring 2024. In our commitment to building a year group that reflects London's diversity, we use the Jerwood Socio-Economic Diversity Form to collect anonymised data on our candidates and to measure for any bias at the various stages of the application process. The data is then presented to the RA Schools Committee and to the selection panel as they begin the process the following year.

Bursaries

Due to the decrease in student numbers during the RA Schools Project, and several new scholarships established by the Development team, we have been able to allocate a minimum bursary of £5,000 to all students this year.

Programme EDI

We continue to focus on EDI across the RA Schools. We aim to invite diverse contributors to our programme, and we continue to examine and refresh our approach to teaching with a drive to develop inclusivity. We held a discussion, "The Crit of the Crit", which was attended by everyone in the RA Schools to establish shared values and approach to the group critique. Staff training in conflict resolution, unconscious bias and bystander intervention was delivered by Cerlulian.

Student support fund
Dunard Fund emergency funding that commenced during the pandemic will come to an end this academic year. This established a student support fund of £50,000 per year for three years. The fund has helped students to manage without employment during the pandemic and its impact after. For some students access to this fund has given them the opportunity to undertake less paid work and therefore use as much studio time as their peers.

Collaborations, Residencies and Prizes

Claridge's
The RA and Claridge's formed a partnership to create *The Claridge's Royal Academy Art Prize*. The prize will be awarded annually to a graduating student at the RA Schools, and, in its inaugural year, was presented by Marina Abramović Hon RA to coincide with her major exhibition at the RA. The Claridge's Art Prize Award Ceremony took place on 26 September 2023, where the winner, Daria Blum was announced.

Creed Design competition
Creed fragrances UK hosted a commission with student Jame St Findlay to design a limited-edition leather trunk that houses eight flacons and eight atomisers of Creed's artisan fragrances.

5. Development

We were delighted to receive exceptional support across the RA this year, including donations from Marian Goodman Gallery, Goodman Gallery, Lia Rumma Gallery, trustees, and individuals forming the William Kentridge Exhibition Circle for *William Kentridge*, the biggest exhibition of the artist's work in the UK. We had numerous highlights within our exhibition programme, including BNP Paribas' Sponsorship of *Making Modernism,* which enabled over 1,250 young people aged 16-25 to see the exhibition for free through the BNP Paribas *AccessArt 25 Programme,* successfully re-introducing the programme as audiences continued to return to the RA. We were grateful to welcome the Huo Family Foundation and the International Music and Art Foundation for supporting *Making Modernism*. We were also delighted to receive the support of the Ford Foundation towards *Souls Grown Deep like the Rivers*, which brought together black artists from the deep American South.

For the 17th year running, Insight Investment enjoyed sponsorship of the *Summer Exhibition* during the summer. We are incredibly grateful for the longevity of their ongoing, annual support. Burberry also continued its sponsorship of the *Summer Exhibition Preview Party* for the third year in a row. We also announced our partnership with AXA XL, launching the AXA Art Prize UK 2023. The Prize will award £10,000 to an outstanding figurative artwork by a student from the RA's *Summer Exhibition 2023*. During the same period, we had the *Herzog & de Meuron* exhibition, which looked at the architect's practice with over 400 objects – and was kindly supported by Antigone Theodorou and Stefan Bollinger.

In Autumn 2023, the new *Genesis Future Curators Programme* was launched, which provides two year curatorial positions at the Royal Academy for two students. Open to anyone with an arts-related degree; the Genesis Future Curators are placed within the Exhibitions and Collections departments, providing a unique opportunity to gain a 360-degree view of the life of a curator at the RA. The programme's inaugural Genesis Future Curators are Natasha Fyffe (Exhibitions) and Gabriel Jamroz (Collections).

This year, we have enjoyed rich and varied Patron programmes across the different seasons. Highlights have included an international trip to Amsterdam, where Patrons enjoyed exclusive access to the sold-out and hugely anticipated Vermeer exhibition at the Rijksmuseum and visits to private collections.

The RA Schools Project has been fully funded and the final phase started with our contractor, Knight Harwood, breaking ground on the Burlington House site in January 2023. The next few months will see us move into the final implementation phase to fit out the studios and all spaces within the Burlington House site. The opening of the new campus is scheduled for early Spring 2024.

Finally, we are extremely grateful for those supporters who left legacy donations to the Royal Academy, which totalled over £1.0m with a further £0.7m in probate.

6. Corporate Services

The Corporate Services pillar combines the management of Estates, IT, HR, Legal and Governance.

Our people

Our people plan aims to deliver three main organisational outcomes: firstly, to ensure that all staff have access to the tools and training they need to excel professionally and perform at their best to effectively deliver our organisation priorities; secondly, that we establish the RA as an open and accessible employer attracting passionate, confident, and committed team players who can effectively collaborate to deliver brilliant, engaging experiences for all visitors and students; and finally, we strive to make the RA a place where talent and contribution are recognised and where fulfilling careers can be built.

In the 2022/23 financial year, we took important strides towards each of these strategic outcomes. To better support all staff in delivering at their best, we have introduced a new management and leadership skills training programme tailored to the breadth of scope, specialism, and experience of all managers at the RA. To reinforce our commitment to making the RA a more open, accessible, and inclusive employer, we have reviewed our policies and procedures across the employee journey from a prospective candidate's first contact with us in our recruitment and hiring processes; to how we welcome and support them once they are onboarded; and, how we support them to progress and evolve their careers. In the last year, we have made substantial improvements to our HR practices at each of these journey points.

Specifically, as part of the RA's commitment to Equity, Diversity, and Inclusion, we have now delivered EDI specific training to 44% of our staff with dedicated modules focusing on unconscious bias, LGBTQ+ awareness and bystander intervention. In 2022/23 we also conducted an EDI staff survey. The responses we received in this survey help to build a picture of our workforce today and will be critical in informing our approach as we chart a roadmap ahead.

Our annual report on the Gender Pay Gap once again demonstrated our continued commitment to pay equitably across gender. The report highlighted that on 5 April 2022, 62% of the RA's 321 employees were female and while the mean average pay gap was 5% (driven by the salary of the Secretary and Chief Executive which is held by a male), the median pay gap (-1%) skewed very slightly in favour of women. Finally, the RA continues to maintain its commitment as a London Living Wage employer, offering the London Living Wage for eligible staff and ensuring that third-party organisations operating at the RA, pay staff on site the London Living Wage as a minimum.

Estates and Facilities

The Royal Academy delivers its core mission activities from its home in Burlington House and Burlington Gardens in the heart of Piccadilly. Our estates plan aims to support the RA in delivering its mission by developing outstanding facilities that deliver to the evolving needs of a 21st century academy of fine arts; extending a safe and accessible welcome to all visitors, Royal Academicians, and staff; and realising a more sustainable operation which aims to chart a clear path to carbon net zero while also mitigating the effects of climate change on our operations.

Outstanding facilities

In 2022/23 our Estates team led the construction phases of a major capital project to fully refurbish the RA Schools. This project, designed by Sir David Chipperfield and built by Knight Harwood, is due for completion in March 2024 and the finished project will provide a fully accessible, flexible, high-quality work environment for staff and students alike. Knight Harwood broke ground on the Burlington House site in January 2023. Demolition works were completed in the first months of 2023 and by the spring, a temporary roof had been placed over the RA Schools with scaffolding erected to enable essential works to upgrade the roof and replace the studio glazing. The works were originally planned to span a 54-week programme however early discoveries on site have incurred some delay. The project is now expected to complete seven weeks late in March 2024.

A safe and accessible welcome

In July 2023, following an on-site maintenance audit with the British Standards Institute (BSI), the RA were given a positive recommendation for continued certification of ISO 45001. Audit evidence was readily available and demonstrated that the management system continues to achieve intended outcomes and remains in general compliance with standard requirements. It was noted that the "back to basics" approach following the pandemic has created a firm foundation for the RA's Health and Safety management system.

Significant planning and collaboration around Health and Safety risks and mitigations also supported the successful delivery of the *Marina Abramović* exhibition in September 2023. The scale and ambition of this exhibition presented material challenges from a Health and Safety perspective. A cross functional team performed an extensive review of all risks, prior to the exhibition's opening, giving thorough consideration to the exhibition's build, performance artist wellbeing and visitor engagement. Throughout the exhibition daily operations debriefs provided an opportunity to discuss learnings relating to security, Health and Safety, visitor experience and performance artist experience reinforcing our culture of continual improvement.

7. Finance

As reported last year, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. This review highlighted significant organisational changes were needed, including the delivery of year on year cost savings, to ensure a robust and financially sustainable operating model. This review also identified a series of key financial metrics providing a benchmark towards achieving financial sustainability. During the Covid-19 global pandemic and the recovery period we are now in, these metrics cannot reasonably be measured or delivered against in the short term but will provide a useful framework as the RA establishes its post Covid-19 "new normal". These key financial metrics include minimum targets for exhibition visitor numbers; Friends memberships; income from commercial activities and corporate events; and staff costs as a percentage of income. These metrics underpin the RA's financial sustainability annual net income from ongoing activities target of £5.0m (before interest, depreciation, and amortisation), as well as the longer term free reserves target of £4.5m detailed in the Financial Review section of this report.

The RA's operating budget for this financial year reflected the very difficult position the RA found itself in. The RA faced the challenge of growing back audiences, still much lower than before the pandemic, with the prospective impact of the "cost of living crisis" providing a further headwind to increasing visitor numbers. This was against a backdrop of increasing costs, with a substantial increase in energy tariffs forecast from the end of September 2022 (when our three year fixed tariff agreements expired); salary increases from September 2022 (following an extended period of freezing RA wide annual salary increases); broader inflation; and a small increase in activity and staff numbers.

Whilst the actual results achieved were better than budgeted, as described in more detail in the Financial Review section below, the RA is reporting a modest set of financial results for this year with net income of £0.5m for core ongoing activities. This figure however includes £2.8m of income from donations to the Coronavirus Emergency Support Fund, without which there would have been net expenditure of £2.3m.

Considerable financial challenges remain. The RA's operating budget for the next financial year reflects the still very difficult financial position we find ourselves in, despite being in a far healthier operating cash position than we forecast 12 months ago. We still face a challenge in growing our audience back (including our Friends), given we are currently budgeting for just over 650,000 exhibition visitors next year, which is nearly 20% lower than our exhibition visitor numbers sustainability metric and over 30% less than average annual visitor numbers in the five years before the pandemic. The RA's sister charity, the Friends of the Royal Academy currently has around 80,000 Friends, having had more than 90,000 Friends before the pandemic.

Costs are also increasing, with a substantial increase in energy tariffs, with the "new norm" for energy costs being more than double the "previous norm"; salary levels have increased by over 10% with a 5% headline salary increase in both September 2022 and 2023, with further increases to follow with the impact of a 10% increase in the London Living Wage announced in October 2023; broader inflation on other operating costs, including transport; and a small further increase in activity and staff numbers. We are budgeting for significant net expenditure for core ongoing activities (excluding income from donations to the Coronavirus Emergency Support Fund) in the next financial year.

Council approved the updated five year financial Medium Term Plan ("MTP") in April 2023 covering the period to 31 August 2028. The MTP was prepared in the context of a challenging macro-economic situation following Brexit, the pandemic and with the ongoing Russia / Ukraine conflict; with higher rates of inflation, pay pressures, energy price volatility, and rising interest rates all having an impact on the cost side; and with further pressures on the income side, including the "cost of living crisis" and changing audience behaviour, with a sector wide drop in visitors to London in 2022 compared to 2019 of over 30% reported by the Association of Leading Visitor Attractions ("ALVA").

Based on projections included in the MTP, compared to pre-pandemic levels, the RA is faced with a material reduction in income from exhibition admission and other on-site sources of income for at least the next three years, together with a smaller annual donation from The Friends of the Royal Academy, such that there is an expectation that it will take longer to return to pre-pandemic levels of income and achieve the sustainable annual net income from ongoing activities target of £5.0m (before interest, depreciation, and amortisation).

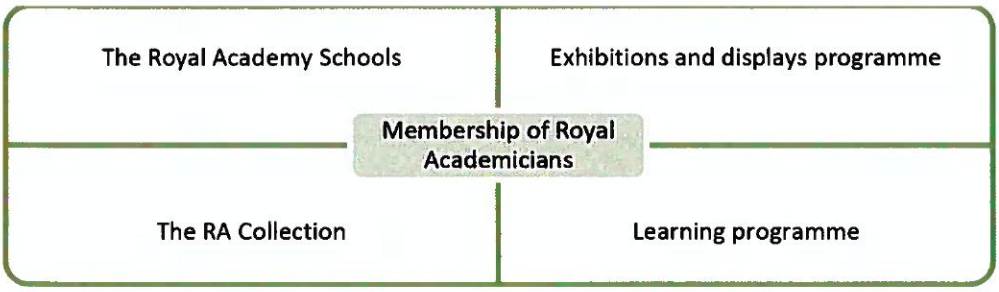
IMPACT AND PUBLIC BENEFIT

The Royal Academy is a pioneering champion of artists and art making in the UK. Founded in 1768 by a group of artists and architects, its core founding purpose was and remains to (i) promote outstanding achievement in art and architecture; (ii) contribute to advancing contemporary practice; and (iii) expand the public's appreciation, enjoyment and understanding of the fine arts.

In delivering this mission, it is our ambition to:

- Stimulate the imagination and unlock the creative potential of everyone who visits us – from the school child to the adult art enthusiast; and, from the aspiring student to a practising professional.
- Meet and challenge the interests and ideas of an increasingly diverse audience through a varied programme which seamlessly extends from our unique experience onsite in Piccadilly to our distinctive online offer.
- Advocate emphatically for the importance of wide access to art education.

Our mission and the impact we have as a charity is driven by five main areas of activity:



Our membership of Royal Academicians
The RA was founded by a group of pre-eminent artists and architects. To this day the Academy is led by its membership, a group of nationally and internationally renowned artists and architects, elected by their peers and appointed for life. They are involved in leading the RA through its topmost governing body, the Council, as well as the General Assembly and its committees. They are the lifeblood of the Academy.

The Royal Academy Schools
The original impetus for setting up the Royal Academy was to professionalise the training of young artists in an art school much like had been happening elsewhere in Europe. Today it is a three year post-graduate programme for up to 17 students per year. The Royal Academy Schools, led by the Keeper and the Curator and Director of the Royal Academy Schools, is considered as one of the leading art schools in the UK and attracts a wide range of European students.

Our renowned exhibitions programme
When the RA was founded, its members established annual exhibitions with a two-fold aim: for the Royal Academicians to display and sell their works and to generate income to fund the Royal Academy Schools. This tradition continues with the annual *Summer Exhibition* that has been held without interruption since the RA's inception. In addition to the annual *Summer Exhibition*, the RA also runs a wide-ranging, ambitious, and much respected programme of international loan exhibitions on art and architecture. Of these, two are held in the Main Galleries, one of the grandest temporary exhibition spaces in the UK, if not in the world. The other gallery spaces are The Jillian and Arthur M. Sackler Wing of Galleries and the Gabrielle Jungels-Winkler Galleries in which a total of three exhibitions are held each year.

The Royal Academy's unique Collection
The RA's unique and wide-ranging Collection was started as a teaching collection for the Royal Academy Schools. From the beginning the Academy also required every Royal Academician to donate a "diploma work" to the Collection. Over time the Collection has grown into a visual record of the RA's membership and history. Valuable works in the Collection range from Michelangelo's *Taddei Tondo*, John Constable's *Leaping Horse* and George Stubbs's anatomical drawings and studies of the horse, to diploma works by living artists such as Lubaina Himid RA and Tracey Emin RA. The Collection also contains historic copies after Leonardo's *Last Supper* and Raphael's cartoons for the Sistine Chapel. There is a considerable collection of plaster casts after famous works of art, a sizeable collection of works on paper, photographs, an increasing amount of film, and of silver, furniture, coins, medals, and artists' materials. Our Collection includes an important historic Archive of artists' papers and other records, and a Library collection of rare books. The Library and Archive are well-documented with much available digitally. The Collection is on free public display in the designated Collection Gallery, the Julia and Hans Rausing Gallery, in various parts of the building as part of the ceilings and walls, and in the Fine Rooms which are open selectively at the moment. Access for scholars and researchers is provided several days per week for our Library, Archive and Prints and Drawings Collections, as well as a busy information service by email and a Picture Library service by request.

Our learning and public programmes
In the Academy's founding mission, the Royal Academicians stated that the RA was to "educate the public in creation, enjoyment and understanding of the arts" and learning, by definition, is at the core of any academy. Our learning programmes range from the engagement of teachers and the provision of Collection-based resources for formal learning to families and

communities and informal and intergenerational learning with some access-specific programmes. We have a thriving onsite and online public programme offering a range of artists, architects and curators in conversation and there is a termly courses provision offering paid-for practical and art history classes connecting to our Collection and our exhibitions. The Executive Masters in Cultural Leadership is entering a fifth year in partnership with the University of Maastricht, foregrounding the Academy's particular role in leading an independent, artist-led arts charity.

IMPACT MEASURES

Like many charities, the RA must balance delivering on its mission with financial sustainability to ensure its continued relevance.

The RA's Medium Term Plan explicitly articulates the goal to achieve an average net income of at least £5.0m p.a. from ongoing activities (before interest, depreciation, and amortisation) to fund the ongoing maintenance of its 2.5 acre campus and the required investment in technology; periodic plant upgrades and gallery refurbishment programmes; to repay its borrowings and to service its financing costs; and to maintain a level of free reserves, as outlined in the reserves policy on page 26. This financial sustainability target has been severely challenged by the impact of pandemic and given the current macro-economic situation, which is considered further on page 27 in "Principal risks and uncertainties and risk management" and will continue to be challenged over the coming financial year and beyond.

Alongside the financial goal to achieve sustainability the RA has identified a set of mission related goals.

The RA tracks and monitors a variety of impact measures (as well as Key Performance Indicators, which are considered below). These measures include those pertaining to the RA's activities across exhibitions, RA Schools, Library and Collections, and education; where possible, we aim to measure the delivery of our mission and impact goals numerically, as well as qualitatively and anecdotally.

The current measures will evolve as the organisation better understands which measures are most reliable and informative, and as it introduces new means of tracking and assessing the impact it has but will also have to be further considered in the light of what is possible for the organisation given the financial constraints in the aftermath of the pandemic.

The exhibition programme provides a mix of subject matter and content for a range of public tastes and is complemented by a programme of activities such as lectures, and workshops aimed at providing opportunities for the public to engage with the subject matter and the institution. The RA's exhibition and public programme continue to measure success and impact both in terms of the overall attendance or reach activities achieve as well as the degree to which the RA is able to welcome new audiences who might otherwise face barriers to attending. The Royal Academy's pricing policy includes opportunities for those on lower incomes to visit and participate in its programmes by taking advantage of reduced ticket prices and free activities.

During and post-pandemic, the RA has increased its focus on digital programming to keep audiences engaged and to support its mission.

Against our mission and programme of activity, we measure our charitable impact through six main impact metrics (see below). While these represent the highest-level metrics against which we measure our impact each year, we also maintain a more specific set of metrics which give a more granular view of our impact in each area.

At the highest level, the Royal Academy's main charitable impact measures are as follows:

1. Annual attendance to our exhibitions and displays.
2. Annual attendance to the wider public programme.
3. Size of digital audience and social media following.
4. Visitor experience (overall rating of visits).
5. Number of artwork submissions to the *Summer Exhibition* and the *Young Artists Summer Show.*
6. Number of applications received for the Royal Academy Schools post-graduate diploma programme.

In 2022/23 the RA attracted over 545,000 visitors to its programme of six headline exhibitions, contributing to total visitors of over 617,000 to the full public offer of exhibitions (including the RA Schools exhibitions and the *Young Artists Summer Show*), displays, events and classes. There were 11 Collections and architecture displays open to the public; 193 public and learning programme events, which attracted over 21,000 participants; and 33 students were funded in their pursuit of professional artistic development and attainment of a post-graduate diploma at the Royal Academy Schools.

In implementing the stated objectives through the strategies described, the trustees confirm that they comply with their duty to have regard to the Charity Commission guidance on public benefit.

Business review
The "Strategic review" section above sets out the RA's activities in this area over the past year or so, as well as the adoption of the 2023-28 Strategic Plan. A review of the Royal Academy's activities, achievements, and impact has been included in the "Activities, achievements and impact" section, also above. The section of this report, which follows, sets out in further detail our strategy and our priorities for the next five years.

Over the next 12 months, detailed strategic and operational plans will need to be developed to underpin the RA's vision for the next five years and the broad strategic aims and priorities outlined in the plan. In next year's trustees' report, we will map the progress being made against each of the three core priorities in the plan.

STRATEGIC REPORT

Our priorities for the next five years
In early 2023, the Royal Academy published its new strategic plan for the five year period to 2028. The headline ambition of this strategy is articulated as an aim to realise a financially sound, culturally and educationally renowned, and environmentally sustainable RA.

To achieve this, the RA will focus on delivering against three core priorities:

1. **Reinforce the Academy and reaffirm our commitment as an artist-led, practice-centred academy.**

The Academy exists to inspire and develop artistic practice at all levels of engagement. Over the next five year period, we aim to reinforce our reputation and proposition as an "academy" – a place for exploration and ideation and a leading advocate for the importance of the creative process and arts education more specifically. As an artist led institution with an art school at our core, we see it as our responsibility to advocate for and enable greater access to art education in the UK. To reinforce the Academy, we will:

- Establish the RA as an influential advocate for art education in the UK.
- Position the RA Schools as a leading and distinctive provider of fine art education.
- Redevelop the RA Schools to deliver an exceptional facility for art students.
- Reinforce our focus on artistic practice across learning, the Collections, architecture, and our wider public programmes.
- Give increased prominence to the Collection and create more opportunity for engagement through an expanded, reimagined, and redeveloped Collection Gallery in the northwest corner of 6 Burlington Gardens.
- Champion outstanding achievement in art and architecture and engage with our Royal Academicians to harness their support for everything we do.
- Develop resilient, creative cultural leaders.

2. **Deepen our connection with the world around.**

We believe that art is for everyone and, we are committed to ensuring that the RA is relevant and accessible to the broadest audience. We see it as our responsibility to open new ways into art and to develop a programme which is relevant to and reflects the interests of the diverse society we serve. Over the next five years the RA targets to become more connected with the world around us. We will do this by opening new doors to our mission (online and onsite), extending a warm welcome for all who share our passion; showcasing excellence across an ever-more diverse spectrum of contemporary art and architecture; and fostering deeper connections with the practice of art and living artists. To "deepen our connection", we will:

- Reinforce our investment in a world class exhibitions programme that enriches, delights, and stimulates audiences.
- Prioritise equity, diversity and inclusion across our programmes, audience, students, staff, Royal Academicians, and wider stakeholders to ensure that our offer is inclusive and welcoming.
- Develop a compelling proposition for younger audiences – defining the offer, the pricing models, and the experience for a younger generation.
- Invest in a distinctive digital offer to open new ways into the Royal Academy and its programmes – broadening our reach and deepening our engagement.

3. **Strengthen our resilience and rise to the social, economic, and environmental challenges we face.**

When the Royal Academy was founded 255 years ago, it was based on the principle that it would fund itself. Over the next five years, in order to preserve our independence and ensure our mission continues to endure the test of time, we must strengthen our resilience to the financial, social and environmental challenges we face. We will achieve this by growing audiences, optimising our assets, maximising the commercial opportunities around our offer; strengthening our resilience to the

environmental challenges we face; and ensuring we have the right talent and skills to deliver the ambition we set. To strengthen our resilience, we will:

- Grow our audience and maximise our commercial opportunities to stabilise and sustain our financial position.
- Build an endowment for the RA Schools to keep their tuition free into perpetuity.
- Optimise our estate to ensure that our buildings are designed and maintained to support our mission and commercial opportunities.
- Improve our resilience to extreme weather.
- Reduce our impact on the planet and develop a strategy to deliver a net-zero carbon footprint and an environmental certification.
- Attract the very best talent and support our staff in building their careers to help us deliver our ambitions.

Measuring our progress against the strategy

The following key performance indicators ("KPIs") have been identified as key measures of our progress against our strategic objectives.

Reinforce the Academy:

- Impact and reach of learning and public programme (online and onsite).
- Audience for the Collection (physical displays, website visits, appointments).
- Range and type of new Collection acquisitions and successful care and management of all Collections.
- Number of RA Schools applications (per place and from outside London/UK/Europe).
- Royal Academician engagement (board and committee attendance, number of new nominations).
- Staff engagement (engagement survey, appraisal completion, staff turnover).
- Completion of the Burlington Project Masterplan (refurbishment of the RA Schools; and the new Collection Gallery).

Deepen our connection:

- Total attendance to our programmes.
- Number of Friends in our membership scheme.
- % of "young" Friends (<35) and ticket buyers (<25).
- Spend per visitor (retail).
- Visitor experience (rating of exhibition and of overall visit).
- Engagement and number of digital visitors (unique visitors, website sessions, social media following).
- Diversity profile of our audience, staff, Royal Academicians, students, trustees, artists, speakers.
- Staff satisfaction and engagement scores.

Reinforce our resilience:

- Annual net income from ongoing activities target of £5.0m (before interest, depreciation, and amortisation), together with income and cost sustainability metrics underpinning this target.
- Fundraising return on investment and total amounts raised per annum.
- Staff costs as a percentage of income.
- PPM (Planned Preventative Maintenance) completion rate.
- Energy consumption and GHG (Greenhouse Gas) emissions.
- Staff survey results and Glassdoor ratings.

FINANCIAL REVIEW

Financial result for the year

The results for the current year show net income of £0.5m (2022: £5.1m) for core activities, being those ongoing activities directly associated with delivering the charitable objectives, and net income of £6.6m (2022: £5.0m) for the Burlington Project, being the refurbishment and redevelopment of the Royal Academy's buildings and estate. Net income of £0.5m (2022: £5.1m) for core activities includes £0.4m (2022: £0.4m) of interest payable; £0.2m (2022: £0.0m) of interest receivable; and £0.0m of investment gains (2022: £0.1m of investment losses). There was net income of £0.8m (2022: £5.6m) excluding net interest payable and investment gains/losses.

Total net movement in funds, includes the recognition of the actuarial loss on the pension scheme totalling £2.2m (2022: £2.4m), and a tax credit of £0.2m (2022: £0.4m) in respect of Museum and Galleries Exhibition Tax Relief, resulting in a surplus of £5.1m (2022: £8.0m).

The ongoing activities surplus, excluding net interest payable and investment gains was £0.8m (2022: £5.6m). These results are significantly down on those of the previous year, with a decrease of £4.8m. Both years have benefited from income from donations to the Coronavirus Emergency Support Fund ("CESF") of £2.8m (2022: £0.2m), including a £2.0m (2022: £nil) donation from the Royal Academy Trust, as well as legacy income designated to the CESF of £0.8m (2022: £0.2m). Grant income of £0.1m from the Government's Coronavirus Job Retention Scheme ("CJRS") was also received in 2022. Excluding the impact of these items, the deficit would have been £2.0m (2022: surplus of £5.1m); an increase in deficit of £7.1m.

The reason this year's results are significantly down on the previous year has primarily been driven by a reduction in exhibition visitors and a significant increase in the cost base. This was planned for and largely reflected exceptional factors affecting performance in the previous year.

Exhibition visitors in the year were c.545,000 which were over 16.5% lower than the prior year (c.658,000), which benefited from two *Summer Exhibitions*, as well as a *Francis Bacon* exhibition in the Main Galleries. The Main Galleries exhibitions *William Kentridge (c.103,000)* and *Spain and the Hispanic World (c.115,000)*, despite critical success, both achieved much lower visitor numbers than planned, however, the final Main Galleries exhibition, *Summer Exhibition 2023* achieved c.167,000 visitors, well ahead of plan, and over 20% higher than *Summer Exhibition 2022*. With the exhibitions in *The Gabrielle Jungels-Winkler Galleries* also performing in line or better than planned, total exhibition visitors were only just behind plan despite being much lower than the previous year.

Significant increases in staff costs, energy tariffs and other operating costs were also experienced, as largely anticipated primarily due to the impact of inflation.

Last year's results benefited significantly from the exceptional situation of having two *Summer Exhibitions* in one financial year, with the *Summer Exhibition 2021* being deferred to Autumn 2021 due to the pandemic. Despite, the emergence of the Omicron variant and the government measures put in place to combat this, which reduced visitor numbers towards the end of the exhibition's run in late 2021 and early 2022, the exhibition still generated a significant contribution, including from the commission earned from arts sales. The *Summer Exhibition 2022* back in its normal summer slot also performed extremely well, as did the other Main Galleries exhibition *Francis Bacon: Man and Beast*, which performed well ahead of plan although visitor numbers were around 25% lower than we might have expected before the pandemic. Following the restructuring in 2021, the Royal Academy continued to operate with a lower cost base during the previous financial year and whilst there was some impact of inflation on both staff and operating costs, these were far more keenly felt in the 2022/23 financial year. This is particularly true of energy costs, for which three year fixed tariff contracts expired at the end of September 2022 and for which much higher tariffs are now being experienced notwithstanding the government support available to the end of March 2024.

Total income (excluding interest receivable) from ongoing activities for the current year was 4.0% down on the previous year at £36.7m (2022: £38.2m), with expenditure (excluding interest payable) increasing by 10.1% over the same period to £35.9m (2022: £32.6m). Also excluding income from the CESF and CJRS, total income was 10.2% down on the previous year at £33.9m (2022: £37.8m).

The Friends of the Royal Academy, a separate registered charity, donated £10.6m (2022: £11.1m) to the Royal Academy, 4.5% lower than the previous year; but also donated a further £nil (2022: £0.1m) of legacy income towards the CESF. The total donation of £10.6m (2022: £11.2m) represented 28.7% (2022: 29.1%) of the RA's total income from ongoing activities.

Exhibition income decreased by 30.1% to £6.0m (2022: £8.6m) which as well as reflecting lower admission income with a fall in visitor numbers, also saw a decline in arts sales commission and Summer Exhibition entry submission fees following the two Summer Exhibitions being held in the previous financial year.

There was a 5.0% decrease in income from our trading subsidiaries to £8.9m (2022: £9.4m). Income from commercial activities of £6.3m were in line with the previous year (2022: £6.3m), with income from entertaining services to the corporate sector 8.2% up at £2.1m (2022: £2.0m) and income from ticketed fundraising events of £0.5m, 53.1% down (2022: £1.1m).

Other income including sponsorship at £2.4m was 15.0% down (2022: £2.9m); with other donations at £4.7m, 22.4% up (2022: £3.8m), including £0.8m emergency fundraising (2022: £0.2m). Grant income was less than £0.1m and 98.9% down (2022: £1.1m). 2022 included £0.1m from the CJRS and just under £1.0m received from Bloomberg for digital infrastructure development.

The increase in expenditure included a 13.6% increase in staff costs to £14.3m (excluding £2.0m pension service income recognised for the legacy defined benefit scheme) (2022: £12.6m excluding £0.2m pension service income), with average full-

time equivalent permanent employees increasing to 287 (2022: 269) and headline salary increases of 1.25% and 5.0% being awarded in April 2022 and September 2022.

Other expenditure (excluding depreciation and amortisation) has increased by 23.2% to £20.3m (2022: £16.5m), primarily reflecting an increase in direct exhibition costs, driven by both inflation and the programme, with 2022 benefiting exceptionally due to scheduling arising from the pandemic by having two Summer Exhibitions, which have lower direct costs than Main Galleries loan exhibitions; a significant increase in energy costs, which have more than doubled this year, despite government initiatives; and higher operating costs generally, due both to the impact of inflation and increased activity coming out of the pandemic. Depreciation and amortisation charges were down 10.6% at £3.3m (2022: £3.6m) – in part reflecting the lower level of capital expenditure on the estate and technology during the pandemic disrupted period from March 2020, which followed a period of more significant investment in both the plant upgrade and gallery refurbishment programme and systems technology, as well as the assets brought into service primarily in 2018 with completion of Phase I of the Burlington Project.

The Royal Academy put in place a five year £5.0m committed Masterplan Revolving Credit Facility ("Masterplan RCF") in May 2017 to provide the required working capital for the completion of the Burlington Project, as redevelopment costs were incurred in advance of the receipt of pledged donations and to fund the final cost overruns on the project. The facility was most recently extended in February 2023 with the £5.0m commitment expiring in June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2027, which can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid, with the amount then being available again for draw down. This facility was not utilised during the year.

The Royal Academy put in place a five year £2.5m committed Operating Revolving Credit Facility ("Operating RCF") in March 2018 to manage operating working capital requirements. The facility was most recently extended in February 2023 with the £2.5m commitment running to the end of February 2023 and thereafter reducing to a £1.5m commitment to 31 August 2027, which can be drawn down in advances with a minimum value of £0.15m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid, with the amount then being available again for draw down. This facility was not utilised during the year.

The Royal Academy has benefited significantly from the introduction of the Museums and Galleries Exhibition Tax relief from 1 April 2017, providing much needed financial support to the exhibitions and free display programme amounting to about £0.4m each year to date. The announcement in March 2023 of the extension of this relief until at least 31 March 2026 was much welcomed.

The Royal Academy's legacy defined benefit scheme had its triennial actuarial valuation as at 31 August 2022 agreed in February 2023 with a £1.7m surplus (105% funded), such that no cash contributions are required. The last contribution was made in January 2020. This has improved as at the 31 August 2023 funding update, with the scheme also now fully funded on a buy-out basis, such that an insurance buy-out for the scheme should be achievable in a two year horizon. A Joint Working Group was formed in April 2023 to investigate the feasibility, tasks for completion, timelines and to oversee the process of the full buy-in of the scheme's pension liabilities with an insurer, being the first stage towards buy-out. The buy-in process is expected to commence in 2024.

Reserves

The policy of the Royal Academy is to maintain a sufficient level of free reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. A formal policy on reserves was originally agreed at the meeting of Council on 4 October 2011 and approved annually thereafter which states:

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that the Royal Academy's core activities could continue during a period of unforeseen difficulty and that current and future commitments can be honoured.
- A proportion of reserves to be maintained in a readily realisable form.
- The policy is reviewed annually by Council.

Free reserves comprise that part of the total unrestricted funds that are freely available. Arising from the most recent review, the trustees have adopted a risk-based approach to determine an appropriate level of free reserves. The trustees consider it appropriate to have free reserves sufficient to cover a period of unforeseen difficulties and consider this to be the greater of a period of three months, being the normal duration of a Main Gallery exhibition, such that this would allow the Royal Academy to continue running in the circumstances that an exhibition is cancelled without an alternative being viable, and a period of six months, during which the Royal Academy has less than budgeted visitor numbers, due to the impact of external factors, such as the threat of terrorism or a pandemic, reducing the number of visitors to London generally and the RA's campus more specifically.

The trustees have specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2024 and have further considered the medium term cash flow forecasts of the Royal Academy to 31 August 2028 and the long term loan funding in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

Based on this detailed review and analysis, the trustees consider that an appropriate level of free reserves would be in the order of £4.5m to be held by way of operating contingency at all times to enable the Royal Academy to continue operating for a period of three months to cover both a fall in exhibition, trading and voluntary income and fixed operating costs (including salaries) and the prospective financial impact of other uninsured risks or six months, in the event of reduced visitor numbers due to external factors, such as the threat of terrorism or a pandemic.

Actual free reserves as at 31 August 2023
As at 31 August 2023, total unrestricted and non-designated funds stood at £91.8m, including £89.0m of fixed assets. Free reserves, which exclude fixed assets, are therefore £2.8m, after taking account of the pension scheme asset of £6.2m and are £1.7m less than the desired level of £4.5m.

The free reserves of £2.8m is represented by net current assets of £6.8m less long term liabilities of £10.2m, of which £10.0m is repayable in ten equal annual instalments from 2035-2044; and the pension scheme asset of £6.2m.

In addition to the net current assets of £6.8m as at 31 August 2023, the Royal Academy has access to both a committed £3.5m Masterplan RCF and a £1.5m Operating RCF to 31 August 2027 and an annually renewable £0.5m overdraft facility, none of which were drawn upon at the year end.

In view of the level of current liquid resources and the long term loan funding and short term facilities in place, which are all available for operational purposes, the trustees consider that the Royal Academy has both sufficient funding and liquidity for the foreseeable future.

In parallel with a wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus post completion of Phase I of the Burlington Project in 2018. Part of the scope of this review was to identify a series of key financial metrics providing a benchmark towards achieving financial sustainability, which included delivering the required level of surplus funds to achieve the target level of free reserves over the long term (being a period of five to seven years). Due to the impact of the pandemic and the broader macro-economic situation that has followed, these metrics are unlikely to be delivered against for an extended period, and the period to achieving the target level of free reserves will inevitably be prolonged.

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £50.2m at 31 August 2023 in trust for the Royal Academy, of which £15.9m represents unrestricted funds, including £9.7m that is both unrestricted and not designated. A further £20.8m represents permanent endowment funds, which are accounted for on a total return basis (such that both income and capital appreciation may be distributed), with the remaining £13.5m being restricted funds (including £0.6m which may be used for the general purposes of the Royal Academy). These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy.

Principal risks and uncertainties and risk management
Council, advised by the SLT and other specialist committees, evaluate and monitor risks and ensure systems and controls are subject to regular review. Where appropriate, mitigating actions and improvements are put in place by the SLT.

All risks identified are recorded in an online Risk Register, which is maintained on an ongoing basis and not only includes details of all risks considered but also provides a mechanism for assessing and monitoring those risks, detailing the SLT member responsible and the actions taken to mitigate the risk.

The Risk Register is formulated by the SLT; is reviewed quarterly; and is formally reviewed by the Audit and Risk Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the Audit and Risk Committee.

The pandemic has had a significant impact on the RA's operations, financial sustainability and the wider risk landscape and this will continue for some time yet. The pandemic has been superseded by external global influences. The ongoing Russia / Ukraine

conflict and emerging crisis in the Middle East, together with the longer term impact of the pandemic as well as Brexit, has contributed to the macro-economic situation the RA now finds itself in with higher inflation and interest rates; higher staffing and energy costs; and the impact of the "cost of living crisis" on growing back visitor numbers, both in terms of reduced visitor numbers to our exhibition programme and a reduction in The Friends of the Royal Academy donation to the Royal Academy arising from diminished Friends' membership income.

The other highest scoring risks include the risk of the possibility of plant failure in the galleries, including the impact of extreme weather; the risk of attacks on art works; the threat of a data security breach or cyber-attack; delay to the programme and cost overrruns on the RA Schools Project, which is due to complete in 2024; financial sustainability, more specifically the risk of not maintaining an adequate level of cash reserves; and the longer term impact of Brexit on the diversity of the student body in the RA Schools. External risks include business interruption arising from a significant external event including civil unrest, terrorism, another pandemic or extreme weather.

These risks are all subject to immediate management consideration to provide mitigation. Mitigation steps include completion of the plant upgrade programme, together with planned preventative maintenance; security and working practices in place, together with disaster recovery and business continuity planning and procedures; cyber security and working practices in place; continued improvement to data protection policies, procedures and controls, including emergency response planning; robust project governance, supported by a strong internal and external project team; financial planning and analysis supporting the medium term cash flow forecasts of the Royal Academy to inform strategic decisions; seeking alternative available routes to ensure diversity of students in the RA Schools; and disaster recovery and business continuity planning and procedures.

FUNDRAISING

The RA's approach to fundraising is largely relationship led, through individual donor giving, memberships of the RA, capital appeals, legacies, and corporate sponsorship. The RA does not generally engage with commercial participators and professional fundraisers. The RA does not carry out house-to-house fundraising or street collections.

The RA is registered with the Fundraising Regulator and has submitted its annual complaints return to the Fundraising Regulator. The RA complies with applicable regulation with regard to fundraising and in addition puts the privacy of our supporter data at the heart of everything we do. We manage personal data respectfully and responsibly in accordance with our published privacy policy.

The RA received 289 complaints associated with fundraising and membership in the period 1 April 2022 to 31 March 2023, compared to 143 in the previous year. As in previous years, these complaints related to membership cancellations due to increased price, rather than complaints in the strict sense. The number of cancellations is higher than the previous year. This is still a comparatively low figure for the sector and given our activities. This represents the degree with which we have developed our processes to ensure we put our supporters and the safeguarding of their data at the centre of everything we do. Nevertheless, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our supporter relations team investigate each complaint and we do all we can to resolve complaints and ensure supporters are happy with our work.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees or members of Council (who are also directors of the Royal Academy for the purpose of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 charity will continue in business; and
- observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that 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.

AUDIT INFORMATION

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Moore Kingston Smith LLP as the Royal Academy's auditors will be put to the forthcoming General Assembly.

On behalf of the Council

Rebecca Salter PRA
President

Prof Peter St John (Adam Caruso and Peter St John RA)
Treasurer

The Royal Academy of Arts
Burlington House
Piccadilly
London W1J OBD

Date: 12.12.23.

Independent Auditors' Report to the Trustees of The Royal Academy of Arts

Opinion

We have audited the financial statements of The Royal Academy of Arts (the "parent charitable company") and its subsidiaries (the "group") for the year ended 31 August 2023 which comprise the group Statement of Financial Activities, the group and parent charitable company Balance Sheets, the group Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 August 2023 and of the group's incoming resources and application of resources, including its 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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 group's and parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained in the 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.

Other information (continued)

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 course of 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 themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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

As explained more fully in the statement of trustees' responsibilities set out on page 28, 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 group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

The objectives of our audit in respect of fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent charitable company.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the group and charitable company complies with these requirements by discussions with management and those charged with governance;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance;
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations; and
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of this 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 which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

6th Floor
9 Appold Street
London EC2A 2AP

Date: 12 December 2023

The Royal Academy of Arts
Consolidated Statement of Financial Activities
(including an income and expenditure account)
For the year ended 31 August 2023

	Note	Ongoing activities				Burlington Project		
		Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Restricted funds	Total	Total
		2023	2023	2023	2023	2023	2023	2022
		£'000	£'000	£'000	£'000	£'000	£'000	£'000 as restated
Income from:								
Donations and legacies								
General donations from RAT*		620	2,000	-	-	-	**2,620**	640
Other donations from RAT*:								
Cataloguing project		-	-	2	-	-	**2**	17
Other projects		697	-	411	-	-	**1,108**	399
Donations from Friends of the RA		10,598	-	-	-	-	**10,598**	11,157
Other donations	5	2,169	802	1,740	-	6,492	**11,203**	8,990
Grant income	6	-	-	12	-	-	**12**	1,087
Charitable activities								
Exhibitions		6,015	-	-	-	-	**6,015**	8,607
Schools		2	-	-	-	-	**2**	24
Collections		32	-	-	-	-	**32**	17
Education		225	-	-	-	-	**225**	180
Other trading activities								
Income from trading subsidiaries	7	8,910	-	-	-	-	**8,910**	9,383
Sponsorship, rent and other receipts		2,448	-	-	-	-	**2,448**	2,876
Investments								
Bank interest		175	-	-	-	421	**596**	6
Investment income		-	20	10	29	-	**59**	36
Total income		31,891	2,822	2,175	29	6,913	**43,830**	43,419
Expenditure on:								
Raising funds								
Fundraising	9	(3,913)	-	-	-	-	**(3,913)**	(2,763)
Expenditure from trading subsidiaries	7	(6,841)	-	-	-	-	**(6,841)**	(6,668)
Charitable activities	10	(20,189)	(2,803)	(2,605)	1	-	**(25,596)**	(23,574)
Other								
Relocation costs		-	-	-	-	(346)	**(346)**	(169)
Donation to RAT*		-	-	-	-	-	**-**	(2)
Increase / (diminution) in value of investment property	18.d	-	-	27	-	-	**27**	(8)
Total income / (expenditure)		(30,943)	(2,803)	(2,578)	1	(346)	**(36,669)**	(33,184)
Net losses on investments	19	-	(13)	(7)	(19)	-	**(39)**	(164)
Net income / (expenditure)	11	948	6	(410)	11	6,567	**7,122**	10,071
Transfers between funds	24-26	86	-	16	(28)	(74)	**-**	-
Other gains / (losses)								
Tax credit	15	213	-	-	-	-	**213**	373
Remeasurement of defined benefit pension scheme asset	29	(2,248)	-	-	-	-	**(2,248)**	(2,430)
Net movement in funds		(1,001)	6	(394)	(17)	6,493	**5,087**	8,014
Total funds brought forward		92,741	643	4,035	792	15,292	**113,503**	105,489
Total funds carried forward		**91,740**	**649**	**3,641**	**775**	**21,785**	**118,590**	113,503

All gains and losses arising in the year are included in the Statement of Financial Activities and derive from continuing activities.

* RAT denotes Royal Academy Trust

The Royal Academy of Arts
Balance Sheets as at 31 August 2023

	Note	Group 2023 £'000	Group 2022 £'000	Royal Academy 2023 £'000	Royal Academy 2022 £'000
Fixed assets					
Intangible assets	17	**170**	94	**110**	91
6 Burlington Gardens	18.c	**66,393**	66,647	**66,393**	66,647
Other tangible fixed assets	18.a,b	**34,118**	28,696	**34,103**	28,677
Heritage assets	16	**1,574**	1,392	**1,574**	1,392
Investment property	18.d	**1,190**	1,155	**1,190**	1,155
Other investments	19	**1,766**	1,742	**1,766**	1,742
Total fixed assets		**105,211**	99,726	**105,136**	99,704
Current assets					
Stock		**1,055**	962	-	-
Debtors	20	**4,362**	4,308	**5,012**	4,692
Cash and cash equivalents		**18,049**	17,518	**17,793**	17,304
Total current assets		**23,466**	22,788	**22,805**	21,996
Creditors - amounts falling due within one year	21	**(6,109)**	(5,072)	**(5,373)**	(4,222)
Net current assets		**17,357**	17,716	**17,432**	17,774
Total assets less current assets		**122,568**	117,442	**122,568**	117,478
Creditors - amounts falling due after more than one year	22	**(10,163)**	(10,383)	**(10,163)**	(10,383)
Net assets excluding pension scheme asset		**112,405**	107,059	**112,405**	107,095
Defined benefit pension scheme asset	29	**6,185**	6,444	**6,185**	6,444
Total net assets		**118,590**	113,503	**118,590**	113,539
The funds of the charity:					
Endowment funds	24	**775**	792	**775**	792
Restricted funds	25	**25,426**	19,327	**25,426**	19,327
Unrestricted funds:					
Designated funds	26	**649**	643	**649**	643
General funds		**85,555**	86,297	**85,555**	86,333
Pension reserve	29	**6,185**	6,444	**6,185**	6,444
Total unrestricted funds		**92,389**	93,384	**92,389**	93,420
Total charity funds		**118,590**	113,503	**118,590**	113,539

Approved and authorised for issue by the President and Council of The Royal Academy of Arts on 12th December 2023

..... President
Rebecca Salter PRA

..... Treasurer
Prof Peter St John (Adam Caruso and Peter St John RA)

Registered Company No. 06298947

The Royal Academy of Arts
Consolidated Statement of Cash Flows
For the year ended 31 August 2023

	Note	2023 £'000	2022 £'000 as restated
Net cash provided by operating activities	28	**8,967**	12,380
Tax credit received		**157**	268
Cash flows from investing activities			
Interest paid	11	**(445)**	(438)
Interest received		**596**	6
Dividends and interest from investments		**59**	36
Payments to acquire intangible fixed assets	17.a	**(164)**	-
Payments to acquire tangible fixed assets	18.a,c,d	**(8,342)**	(3,818)
Payments to acquire heritage assets	16	**(14)**	-
Payments to acquire fixed asset investments	19	**-**	(666)
Net movement in cash held in the investment portfolio	19	**(63)**	630
Net cash used in investing activities		**(8,373)**	(4,250)
Cash flows from financing activities			
Net repayment on revolving credit facilities	21	**-**	(3,700)
Bank loan repayments	22	**(220)**	(220)
Net cash used in financing activities		**(220)**	(3,920)
Net change in cash and cash equivalents		**531**	4,478
Cash and cash equivalents at the beginning of the year		**17,518**	13,040
Cash and cash equivalents at the end of the year		**18,049**	17,518
Analysis of cash and cash equivalents:			
Cash at bank and in hand		**18,049**	17,518
Total cash and cash equivalents		**18,049**	17,518

Analysis of changes in net debt:		**Opening £'000**	**Cash flows £'000**	**Closing £'000**
Cash		17,518	531	**18,049**
Loans falling due within one year	21	(220)	-	**(220)**
Loans falling due after more than one year	22	(10,383)	220	**(10,163)**
Total		**6,915**	**751**	**7,666**

1 General information

The Royal Academy of Arts ("Royal Academy") and its subsidiaries (together "the Group") continues to aspire to promote the arts of design and educate the public in the creation, appreciation and enjoyment of arts. The registered office is Burlington House, Piccadilly, London.

The Royal Academy is a company limited by guarantee and a registered charity and incorporated in England and Wales.

The Royal Academy is a Public Benefit Entity as defined by FRS 102.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charities Act 2011 and Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest thousand.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Royal Academy and its three trading subsidiaries: RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2023. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 7 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual SOFA. The Royal Academy only surplus (net movement in funds) was £4,592,000 (2022: £8,050,000).

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. 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 Royal Academy 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 and have considered the macro-economic situation the Royal Academy now finds itself in with higher inflation and interest rates; and the impact of the "cost of living crisis" and changes in customer behaviours on growing back visitor numbers.

2 Summary of significant accounting policies (continued)

b. Going concern (continued)

In particular, the trustees have considered the sensitivity of forecasts, including that of a slower recovery from the pandemic. They have taken account of the related pressures on its key sources of income from donations, in particular the annual donation from the Friends of the Royal Academy; sponsorship and admission income from its exhibitions programme; and from its trading activities, including onsite and online retail and corporate membership and lets. The trustees have further reviewed its underlying cost base and its expenditure on both its charitable and fundraising activities, as well as from commercial trading, supporting these key sources of income and the prospective impact of higher rates of inflation, higher energy tariffs and salary increases on these.

The Group has unrestricted net current assets of £6.8m as at the year end. The Group also has access to a committed £3.5m Masterplan Revolving Credit Facility and £1.5m Operating Revolving Credit Facility to August 2027 and an annually renewable £0.5m overdraft facility. None of these facilities were drawn upon as at the year end.

In addition, the Royal Academy Trust, an independent charity established to specifically provide support to the Royal Academy, held funds of £50.2m at 31 August 2023 in trust for the Royal Academy, of which £15.9m are unrestricted, including £9.7m that is both unrestricted and not designated, and £0.6m of restricted funds held in the Paul Mellon Endowment fund, which may be used for the general purposes of the Royal Academy.

In view of the level of current liquid resources; the long term loan funding and short term facilities in place; and the ongoing support of the Royal Academy Trust, the trustees consider that the Group has both sufficient funding and liquidity for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

2 Summary of significant accounting policies (continued)

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds, where Council have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Royal Academy, including the general fund which represents the Group's reserves. The major funds held in each of these categories are disclosed in notes 24 to 26.

Transfers between funds represents the funds transferred between restricted funds to the general unrestricted fund on completion of projects and restrictions being satisfied.

e. Burlington House

The Royal Academy holds a 999 year lease on Burlington House, of which almost 850 years remain, title to which is vested in the Secretary of State for the Department of Communities and Local Government. The rent of the property is nominal but it is the responsibility of the Royal Academy to maintain the property in a sound condition. The property is inalienable in that its ownership reverts to the Government if it is no longer used by the Royal Academy. The property works carried out on the galleries, Royal Academy Schools and Library are principally to maintain the fabric in its original condition and ensure an adequate environment for the exhibits. As the value of these works is part of the fabric of the building and cannot be realised, these are not recognised in the balance sheet except in the case of building improvements as detailed in the fixed assets and depreciation policy described below.

f. Heritage assets

The Royal Academy holds a collection of works of art, which consists of paintings, sculptures and prints, together with a library of books acquired by the Royal Academy by donation, bequest and from members on election to the Royal Academy ("Diploma Works").

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Royal Academy. In particular, the Diploma Works have an intrinsic value to the Royal Academy collection as an embodiment of the development of the Royal Academy as an institution. The manner in which they are given to the Royal Academy makes the valuation of these items very subjective, such that a reliable value cannot be arrived at. Furthermore, the cost of valuing the entire collection would be onerous compared with the benefit derived by users of the financial statements in assessing the Royal Academy's stewardship of these assets.

2 Summary of significant accounting policies (continued)

f. Heritage assets (continued)

As such, the Royal Academy does not recognise these assets on its balance sheet other than acquisitions made since 1 April 2010 with a value of £10,000 or more. These are reported at cost where the asset is purchased or at the curator's best estimate of current value where the asset is donated. Such assets are not depreciated but are reviewed for impairment in the event of physical deterioration. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Expenditure which is required to preserve or prevent further deterioration of the collection is recognised in the SOFA when it is incurred.

g. Foreign currency

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

h. Intangible assets

Computer software and website costs are stated at cost less accumulated amortisation and impairment losses. These are amortised over their estimated useful life, of three to five years, on a straight line basis.

i. Tangible assets

Expenditure on building improvements, new machinery and equipment is capitalised as fixed assets and stated at cost less accumulated depreciation. The Royal Academy applies a £1,000 threshold to the capitalisation of fixed assets. Depreciation is charged at the following rates on a straight line basis:

Building improvements	5 to 25 years
Computers	3 to 5 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 15 years
Motor vehicles	over 3 years

Short leasehold property improvements are depreciated over the period of the lease.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment.

Investment property has been capitalised and included in fixed assets initially at cost and subsequently at fair value at the reporting date. Changes in fair value are recognised in the SOFA.

No depreciation is charged on assets in course of construction. Where assets are constructed as part of a project for which specific identifiable assets are brought into service before the overall project is completed, such assets will be transferred from assets in course of construction to building improvements or fixtures, fittings and equipment as appropriate and depreciated from the date these are placed in service.

2 Summary of significant accounting policies (continued)

j. Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

Incentives received to enter into operating leases are credited to the SOFA to reduce the lease expense, on a straight line basis over the period of the lease.

k. Stock

Stock principally consists of shop and e-commerce products and is valued at the lower of cost and net realisable value. In the case of artworks provided by an artist these items are recognised in the financial statements at their anticipated sales price, less anticipated cost of sales and any subsequent impairment.

l. Income

Income, which is stated net of VAT where applicable, and intra-group transactions, consists of box office takings, sponsorship, donations and grants.

Income received for an activity taking place in a subsequent period is deferred to that period in accordance with FRS 102, except where that income relates to an exhibition where the accounting policy outlined below is followed.

i. Exhibitions

The results of exhibitions are recognised in the financial statements of the year in which the majority of the exhibition takes place. Costs incurred and income received, including sponsorship income, in connection with forthcoming exhibitions, where the majority of the exhibition falls after the year end, are deferred at the balance sheet date. If a decision is made not to proceed with an exhibition, the costs are written off. Commission on art sales at the Royal Academy's *Summer Exhibition* is recognised at the point of sale by the artist.

ii. Donated services

Where an artist has donated their services, for example, in the creation of artworks or artworks themselves, to be sold alongside an exhibition, the donated services or artworks are recognised in the financial statements in accordance with the policy for exhibitions income disclosed above.

Other donated services are recognised when these have been delivered and are valued at the amount the Royal Academy would be prepared to pay for a similar service.

iii. Patrons

Patrons income is recognised in the financial statements on a cash received basis.

iv. Grants

For performance related grants, income entitlement is considered to be conditional upon the meeting of conditions imposed by the grant. Income is therefore recognised in the financial statements to the extent that the Royal Academy has demonstrably met any grant conditions imposed.

Non-performance related grants are recognised when there is evidence of entitlement, receipt is probable (more likely than not) and its amount can be measured reliably.

2 Summary of significant accounting policies (continued)

l. Income (continued)

v. Donations

Donations and related Gift Aid are accounted for when the donation is received. If donations are specifically in connection with a future event, these are restricted; if specifically in connection with a future exhibition, these follow the policy set out in 2.l.i..

vi. Trading subsidiary income

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and VAT.

Turnover is recognised at the point of sale for goods and when services have been delivered. Subscriptions are accounted for in the period in which membership commences.

m. Legacies

Legacies are accounted for as income where there is clear entitlement; the amounts can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

n. Expenditure

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised when there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable a transfer of economic benefit will be required in settlement and the amount can be measured reliably.

Expenditure on raising funds consist of costs of trading subsidiaries and fundraising expenditure. These include the direct costs of the department, including the running costs of sponsorship, fundraising and events, together with a share of the support costs of the Royal Academy.

Charitable activities include all costs related to the main purpose of the Royal Academy and include: direct costs of exhibitions and the associated education programme; running the Royal Academy Schools; and the conservation of the permanent collection and the Library. Publicity costs are allocated to Exhibitions, Royal Academy Schools, Collections and Education based on the income from each area.

Support costs are the costs of departments which are shared by the various activities of the Royal Academy: Finance, Human Resources, Information Technology, Facilities and governance costs. These costs are allocated to activities on a basis that is appropriate to the nature of the expenditure and have therefore been allocated over headcount.

2 Summary of significant accounting policies (continued)

o. Employee benefits

The Royal Academy provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined benefit pension plan

The Royal Academy of Arts Pension Scheme ("the Scheme") is a defined benefit pension scheme closed to future accrual on 30 September 2016. Pension assets and liabilities are recorded in line with Section 28 of FRS 102. With scheme valuations undertaken by independent actuaries, FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, together with the net interest for the year, are allocated to relevant expenditure headings within the SOFA. Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the Scheme liabilities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in unrestricted funds in the SOFA within remeasurement of defined benefit pension scheme asset. The resulting defined benefit pension scheme asset or liability is presented separately on the face of the balance sheet in unrestricted funds. The Royal Academy recognises an asset for its Scheme to the extent this is considered recoverable through reduced contributions in the future, or through refunds from the Scheme. The trustees of the Scheme believe that the Scheme currently meets the minimum funding requirements. The assets of the Scheme are held completely independently from the Royal Academy.

The income and expense related to the Scheme is allocated entirely to the unrestricted ongoing activities of the Group.

iii. Defined contribution pension plans

The Royal Academy operates two defined contribution plans for its employees. The contributions are recognised as an expense when these are due. Amounts not paid are shown in accruals in the balance sheet.

iv. Termination payments

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Royal Academy recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

p. Administered funds

Investments held by the administered funds are stated at market value at the balance sheet date. Dividend income from investments is recognised on an accruals basis.

2 Summary of significant accounting policies (continued)

q. Investments

i. Investment properties

Investment properties comprise those held solely for either their rental income and/or capital appreciation. They are carried at fair value.

ii. Other investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. Unlisted investments are stated at cost as no market value is available. The SOFA includes any realised or unrealised gain or loss during the year. Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

r. Financial instruments

Financial instruments are recognised in the Royal Academy's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Royal Academy after deducting all of its liabilities.

i. Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

ii. Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

iii. Impairment of financial assets

Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

iv. Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

2 Summary of significant accounting policies (continued)

r. Financial instruments (continued)

v. Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

vi. Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments 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.

a. Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. These are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 17 and 18 for the carrying value of assets and note 2.h and 2.i for the useful economic lives.

b. Impairment of debtors

The Royal Academy makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

c. Defined benefit pension scheme asset

The determination of the assumptions used in calculating the defined benefit pension scheme asset is the responsibility of the trustees of the Royal Academy, with delegated authority to the Director of Finance. The assumptions are set with regard to advice given by the scheme actuary.

4 Prior year comparatives by type of fund

The SOFA provides the restated prior year comparatives in total; this note provides prior period comparatives for each of the types of funds.

		Ongoing activities					
		Unrestricted funds 2022 £'000	Designated funds 2022 £'000 as restated	Restricted funds 2022 £'000 as restated	Endowment funds 2022 £'000 as restated	Burlington Project Restricted funds 2022 £'000	Total 2022 £'000 as restated
Income from:							
Donations and legacies							
General donations from RAT*		640	-	-	-	-	**640**
Other donations from RAT*:							
Cataloguing project		-	-	17	-	-	**17**
Other projects		-	-	399	-	-	**399**
Donations from Friends of the RA		11,099	58	-	-	-	**11,157**
Other donations	5	1,655	460	1,734	-	5,141	**8,990**
Grant income	6	90	-	997	-	-	**1,087**
Charitable activities							
Exhibitions		8,607	-	-	-	-	**8,607**
Schools		24	-	-	-	-	**24**
Library		17	-	-	-	-	**17**
Education		180	-	-	-	-	**180**
Other trading activities							
Income from trading subsidiaries	7	9,383	-	-	-	-	**9,383**
Sponsorship, rent and other receipts		2,876	-	-	-	-	**2,876**
Investments							
Bank interest		6	-	-	-	-	**6**
Investment income		-	12	6	18	-	**36**
Total income		34,577	530	3,153	18	5,141	**43,419**
Expenditure on:							
Raising funds							
Fundraising	9	(2,763)	-	-	-	-	**(2,763)**
Expenditure from trading subsidiaries	7	(6,668)	-	-	-	-	**(6,668)**
Charitable activities	10	(20,660)	(505)	(2,409)	-	-	**(23,574)**
Other							
Project management		-	-	-	-	(169)	**(169)**
Donation to RAT*		-	-	(2)	-	-	**(2)**
Diminution in value of investment property	18.d	-	-	(8)	-	-	**(8)**
Total expenditure		(30,091)	(505)	(2,419)	-	(169)	**(33,184)**
Net losses on investments	19	-	(55)	(28)	(81)	-	**(164)**
Net income / (expenditure)	11	4,486	(30)	706	(63)	4,972	**10,071**
Transfers between funds	24-26	1,622	-	(143)	(33)	(1,446)	**-**
Other gains							
Tax credit	15	373	-	-	-	-	**373**
Remeasurement of defined benefit pension scheme asset	29	(2,430)	-	-	-	-	**(2,430)**
Net movement in funds		4,051	(30)	563	(96)	3,526	**8,014**
Total funds brought forward		88,690	673	3,472	888	11,766	**105,489**
Total funds carried forward		92,741	643	4,035	792	15,292	**113,503**

* RAT denotes Royal Academy Trust

5 Income from other donations

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
2023					
Exhibitions	552	-	759	-	**1,311**
Schools	20	-	918	-	**938**
Education	63	-	63	-	**126**
General - Other	1,224	-	-	-	**1,224**
Burlington Project - Phase II/III	-	-	6,492	-	**6,492**
Coronavirus Emergency Support Fund ("CESF")	-	71	-	-	**71**
Legacies	302	-	-	-	**302**
Legacies - Education	8	-	-	-	**8**
Legacies - CESF *	-	731	-	-	**731**
Total	**2,169**	**802**	**8,232**	**-**	**11,203**
2022					
Exhibitions	723	-	859	-	1,582
Schools	3	-	690	-	693
Collections	-	-	-	-	-
Education	152	-	185	-	337
General - Other	777	-	-	-	777
Burlington Project - Phase II/III	-	-	5,141	-	5,141
Presidents Fund	-	42	-	-	42
Coronavirus Emergency Support Fund ("CESF")	-	204	-	-	204
Legacies - CESF	-	214	-	-	214
Total	1,655	460	6,875	-	8,990

6 Income from grant income

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
2023			
Education	-	12	**12**
Total	**-**	**12**	**12**
2022			
Coronavirus Job Retention Scheme	55	-	55
Digital infrastructure *	-	980	980
Exhibitions	18	1	19
Schools	14	16	30
Education	3	-	3
Total	90	997	1,087

The Royal Academy took advantage of the Government's Coronavirus Job Retention Scheme ("CJRS") from inception in March 2020 up until its closure in September 2021.

* The Royal Academy received grant income of £980k from the Bloomberg Philanthropies' Digital Accelerator Fund in the prior year. This will fund updating the user experience and infrastructure of the main Royal Academy website; delivering a digital studio for online events; and researching the Royal Academy's requirements for digital asset management.

7 Results from subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, which operates a shop and e-commerce business, a restaurant and cafés, a publications and art sales business and commercial learning; RA (Arts) Limited, which provides entertainment services to the corporate sector; and Burlington House Limited, which raises funds from the corporate sector and individuals through ticketed events. These companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy. The registered offices of all subsidiaries is Burlington House, Piccadilly, London. A summary of their trading results is shown below. Audited financial statements for these subsidiaries are filed annually with the Registrar of Companies.

Profit and Loss:	**Total**	**R.A. Enterprises Limited**		**RA (Arts) Limited**		**Burlington House Limited**	
	2023	**2023**	2022	**2023**	2022	**2023**	2022
	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Turnover	**8,910**	**6,289**	6,296	**2,115**	1,954	**506**	1,133
Cost of sales	**(3,347)**	**(2,942)**	(2,948)	**(136)**	(84)	**(269)**	(613)
Administrative expenses	**(3,494)**	**(3,040)**	(2,558)	**(421)**	(405)	**(33)**	(60)
Total expenses	**(6,841)**	**(5,982)**	(5,506)	**(557)**	(489)	**(302)**	(673)
Net result	**2,069**	**307**	790	**1,558**	1,465	**204**	460
Distribution to the Royal Academy	**(2,033)**	**(271)**	-	**(1,558)**	(1,465)	**(204)**	(447)

No charge to taxation will arise as the companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy.

Balance Sheet:							
Fixed assets							
Intangible fixed assets	**60**	**60**	3	-	-	-	-
Tangible fixed assets	**16**	**16**	19	-	-	-	-
Total fixed assets	**76**	**76**	22	-	-	-	-
Current assets							
Stock	**1,055**	**1,055**	962	-	-	-	-
Debtors	**1,067**	**544**	707	**516**	292	**7**	9
Cash and cash equivalents	**256**	**202**	164	-	-	**54**	53
Total current assets	**2,378**	**1,801**	1,833	**516**	292	**61**	62
Current liabilities							
Creditors - amounts falling due within one year	**(2,454)**	**(1,877)**	(1,891)	**(516)**	(292)	**(61)**	(62)
Net current assets / (liabilities)	**(76)**	**(76)**	(58)	-	-	-	-
Total assets less total liabilities *	-	-	(36)	-	-	-	-
Capital and reserves							
Called up share capital	-	-	-	-	-	-	-
Profit and loss reserves	-	-	(36)	-	-	-	-
Total equity	-	-	(36)	-	-	-	-

8 Support costs

2023	Finance £'000	IT £'000	Personnel £'000	Facilities £'000	Governance £'000	Total £'000
Exhibitions	1,018	581	232	2,210	273	**4,314**
Schools	220	126	50	478	59	**933**
Collections	179	102	41	388	48	**758**
Education	248	141	57	538	66	**1,050**
Publicity (note 10)	550	204	82	777	96	**1,709**
Fundraising (note 9)	358	314	126	1,195	148	**2,141**
2023 total	**2,573**	**1,468**	**588**	**5,586**	**690**	**10,905**

Finance costs include interest payable and similar charges of £445,427 (2022: £438,370).

2022	Finance £'000	IT £'000	Personnel £'000	Facilities £'000	Governance £'000	Total £'000
Exhibitions	1,068	601	199	1,803	260	3,931
Schools	225	127	42	380	55	829
Collections	183	102	34	308	45	672
Education	197	111	37	332	48	725
Publicity (note 10)	436	245	81	736	106	1,604
Fundraising (note 9)	337	190	63	569	82	1,241
2022 total	2,446	1,376	456	4,128	596	9,002

9 Fundraising

	2023 £'000	2022 £'000
Direct fundraising costs	**1,772**	1,522
Support costs (note 8)	**2,141**	1,241
Total	**3,913**	2,763

10 Charitable activities

2023	Direct costs £'000	Support costs £'000	Publicity costs (i) £'000	Total £'000
Exhibitions	10,495	4,314	4,620	**19,429**
Schools	1,339	933	2	**2,274**
Collections	933	758	25	**1,716**
Education	954	1,050	173	**2,177**
Total	**13,721**	**7,055** (note 8)	**4,820**	**25,596**

10 Charitable activities (continued)

2022	Direct costs £'000	Support costs £'000	Publicity costs (i) £'000	Total £'000
Exhibitions	10,216	3,931	4,054	18,201
Schools	1,173	829	11	2,013
Collections	992	672	8	1,672
Education	878	725	85	1,688
Total	13,259	6,157	4,158	23,574

Exhibitions expenditure includes the direct costs of mounting all loan exhibitions and the *Summer Exhibition* and all associated costs, such as curatorial staff, art handling, security, press and box office.

i. Publicity costs comprise direct publicity costs and an allocation of support costs analysed as follows:

	2023 £'000	2022 £'000
Direct publicity costs	**3,111**	2,554
Support costs (note 8)	**1,709**	1,604
Total	**4,820**	4,158

11 Net income / (expenditure)

	2023 £'000	2022 £'000
This is stated after charging:		
Amortisation	**88**	219
Depreciation	**3,166**	3,423
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	**67**	59
Audit services - defined benefit pension scheme	**9**	8
Other services	**13**	15
Interest payable and similar charges (see note 8)	**445**	438

External auditors other services relate to tax compliance and other advice.

The total lease expenditure incurred in the year was £261,943 (2022: £170,623).

12 Role of volunteers

Like all charities, the Royal Academy, uses a team of volunteers. In 2023 the Royal Academy engaged 6 (2022: 13) volunteers across both its Learning and Collections departments.

In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the financial statements.

13 Officers' and Council members' remuneration

	2023	2022
	£'000	£'000
Officers' remuneration, excluding pension contributions, is as follows:		
President	70	68
Keeper	50	50
Secretary and Chief Executive	230	212
Treasurer	40	40
Total	390	369

Remuneration for officers is set by the People and Remuneration Committee.

One officer (2022: one) received pension contributions totalling £20,921 (2022: £19,124).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. Three (2022: two) trustees received reimbursed expenditure of:

	2023	2022
	£'000	£'000
Travel	3	1
Other	1	1
Total	4	2

Trustee indemnity insurance costs for the year totalled £14,508 (2022: £14,246).

14 Staff costs

	2023	2022
	£'000	£'000
Salaries and wages	12,222	10,776
Social security costs	1,183	1,030
Redundancy and termination payments	40	13
Pension contributions - defined contribution schemes	843	760
Pension service income - defined benefit scheme	(1,989)	(140)
Total	12,299	12,439

Staff costs include payroll for temporary as well as permanent staff. The increase in salaries and wages includes the impact of an increase in full-time equivalent employees and the annual pay increase.

As disclosed in note 6, grant income of £nil (2022: £55,056) was claimed in respect of the Coronavirus Job Retention Scheme.

The key management personnel of the Royal Academy, and Group, comprise the Senior Leadership Team, trustees and officers. Total remuneration of key management personnel during the year was £1,399,785 (2022: £1,267,891).

14 Staff costs (continued)

The number of employees, including officers, whose remuneration exceeded £60,000, is shown below:

Band:	2023 No.	2022 No.
£60,000 to £69,999	11	5
£70,000 to £79,999	6	7
£80,000 to £89,999	1	2
£90,000 to £99,999	3	1
£100,000 - £110,000	1	-
£120,000 to £129,999	-	2
£130,000 to £139,999	2	1
£140,000 to £149,999	1	-
£210,000 to £219,999	-	1
£230,000 to £240,000	1	-

Pension contributions for the above employees were £192,635 (2022: £156,176).

The average number of permanent employees and full-time equivalent ("FTE") permanent employees, including officers, during the year was:

	Headcount		FTE	
	2023 No.	2022 No.	2023 No.	2022 No.
Charitable activities	121	119	100	97
Fundraising and publicity	66	55	63	52
Trading activities	47	44	40	38
Governance	4	4	4	4
Support	82	81	80	78
Total	320	303	287	269

The number of part-time staff employed by the Royal Academy varies throughout the year, depending on the exhibition programme.

15 Taxation

The Royal Academy is entitled to a tax credit under the Museums and Galleries Exhibition Tax Relief scheme.

	2023 £'000	2022 £'000
Taxation credit		
- For the current year	268	341
- Adjustment in respect of prior year	(55)	32
Total	213	373

16 Heritage assets

The Royal Academy holds assets that fall under the definition of "Heritage Assets". These fall into three broad collections: The Works of Art Collection, The Royal Academy Library and The Royal Academy Archive. Each of these is considered in turn.

All items in these collections are available to view by appointment. Items are also from time to time included in exhibitions at the Royal Academy, as well as being loaned out to other exhibitors.

The Works of Art Collection

The Works of Art Collection consists of works of art and other objects of historic, artistic or associational significance owned by the Royal Academy, namely: paintings, sculpture (including medals, dies, cameos, and intaglio gems); drawings; artists' sketchbooks; individually issued prints; photographs; plaster casts (including pastes of gems); historic skeletons relating to teaching in the Royal Academy Schools; objects of memorabilia, including artists' tools and materials; historic silver and silver-plate; historic items of furniture; picture frames; and certain fittings and fixtures within Burlington House. The Royal Academy holds around 990 paintings in its permanent collection and over 25,000 prints and drawings.

The majority of works and objects in the collections date from the foundation of the Royal Academy in 1768 to the present day. Exceptions include the *Taddei Tondo*, the only marble by Michelangelo in the UK; early copies after the Old Masters, such as those by Giampietrino, Rosso Florentino and Sir James Thornhill; as well as some prints and drawings.

The core of The Works of Art Collection is the Diploma Works. These are given by Academicians on election to the institution and are predominantly by British artists and architects. Other works of art were purchased, bequeathed or given to the Royal Academy and range from drawings to plaster casts and from photographs to paintings. There is also a collection of silver given to the Royal Academy by Academicians, which is of historical importance to the Royal Academy.

The Royal Academy Library (Special Books Collection)

The Library comprises the Historic Books Collection dating from the 16th century to approximately 1920, and the Special Illustrated Books Collection.

The Royal Academy Archive

The Archive holds papers and documents and copies of electronic correspondence relating to the institution's history as well as artists' letters and archives. The Archive also includes photographic prints, transparencies, glass slides and negatives, films and videotapes which relate to the history and activities of the institution. More information about the Royal Academy's collection is available at www.racollection.org.uk.

Capitalisation of the collections

In the opinion of the trustees, reliable information on cost or value is not available for the Royal Academy permanent collection. This is owing to the lack of reliable information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

16 Heritage assets (continued)

Capitalisation of the collections (continued)

The collections have a significant intrinsic value relating to the way they provide a unique insight into the history of art and the study of art over the past 250 years. The manner in which items are given by Academicians makes valuation of these items difficult as there is no original cost to the item. In addition there is an intrinsic value to the collections as an embodiment of the history of the Royal Academy as an institution, which would also be far too subjective and unique to place any reliable value upon. For this reason, the permanent collection, large proportions of which were gifted to the Royal Academy at nil cost, are incomparable in nature and are not recognised as assets in the Royal Academy's balance sheet.

Acquisitions and disposals

Diploma Works are proposed by newly elected members in discussion with the Director of Collections and Learning, and accessioned into the collection following approval by Council. The approval of non-diploma works (by purchase, bequest or donation) is by the Director of Collections and Learning, in consultation with the relevant curator. If the acquisition is more than £5,000 in value, a case for accessioning must be made by the Director of Collections and Learning to Council. All acquisitions are reported annually to Council by the Director of Collections and Learning. The list is subsequently submitted to Council as part of an annual report and the Director of Collections and Learning attends Council to discuss any matters arising from the report.

Disposals will only take place in accordance with the Acquisitions and Disposals Policy. No disposals were made in the year. Objects will only be deaccessioned by way of exchange (in the case of Diploma Works) or if there is irreparable damage to or total loss of an object. Due to the accreditation by the Arts Council, and the Royal Academy's internal procedures and policies (described under "Collections management", below), disposals can only be for "financially motivated" reasons in exceptional circumstances. Any such disposal must be as part of a wider review of the Collection, and then proceeds must be used only for the benefit of the Collection.

In the financial year, Diploma Works were presented by Clare Woods RA, Peter Barber RA, Rana Begum RA, Katherine Jones RA, Hew Locke RA, Ryan Gander RA, Fiona Banner RA and Shirazeh Houshiary RA.

Gifts made to the Royal Academy in the current financial year include a painting by Ryan Gander valued at £25,000 and five paintings by Catherine Opie each valued at $25,000. All works gifted or purchased with a value over £10,000 have been recognised in the year. Valuations are made at fair value, either provided by the artist or their gallery or based on an assessment made by the curator taking into consideration current market values.

The Collections Development Policy covering acquisitions and disposals is available for review on the Royal Academy's website www.royalacademy.org.uk/page/collections-and-research.

Preservation

The Royal Academy is committed to the preservation of its Collections. It aims to ensure the longest possible life of the Collections. This includes security, financial, environmental, storage and staffing that all help to preserve the collections for posterity.

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however, these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. Some items are held off-site in specialist warehouses.

For the works of art, most conservators employed by the Royal Academy are on the ICON Conservation Register. For other areas of the collections, a variety of conservation experts are consulted.

16 Heritage assets (continued)

Collections management

The Works of Art Collection, Special Books Collection and Archive are catalogued in a series of discrete but interconnected databases, each fully conforming to their relevant professional standards, i.e. Spectrum for museum objects; AACR2 and MARC21 for books; and ISAD(G) for archives. The three databases are linked to a series of shared authority files and thesauri against which terms such as personal names, corporate names, materials and techniques, and production roles must be validated. This ensures consistency in data entry and in data searches.

The Collection, Library and Archive are designated as collections of national importance as awarded by the Arts Council in 2011. In order to meet the stringent requirements for this award, an extensive list of procedures and policies for the management of the collection, informed by nationally and internationally recognised standards, were approved by Council. These documents can be consulted in the Collections' Office.

Analysis of heritage assets (Group and Royal Academy)

	Works of art				
	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Carrying amount at 1 September	**1,392**	1,392	1,392	1,142	679
Purchases	**14**	-	-	-	14
Gifts	**168**	-	-	250	449
Carrying amount at 31 August	**1,574**	1,392	1,392	1,392	1,142

17 Intangible fixed assets

Intangible assets include the Royal Academy's website and intranet costs, core system software and R.A. Enterprises Limited's Epos, e-commerce and stock management software.

a. Group	Software
	£'000
Cost	
At 31 August 2022	2,572
Additions	164
Disposals	(239)
At 31 August 2023	**2,497**
Amortisation	
At 31 August 2022	2,478
Disposals	(239)
Charge for the year	88
At 31 August 2023	**2,327**
Net book value	
At 31 August 2023	**170**
At 31 August 2022	94

17 Intangible fixed assets (continued)

b. Royal Academy	Software £'000
Cost	
At 31 August 2022	1,948
Additions	92
Disposals	(239)
At 31 August 2023	**1,801**
Amortisation	
At 31 August 2022	1,857
Disposals	(239)
Charge for the year	73
At 31 August 2023	**1,691**
Net book value	
At 31 August 2023	**110**
At 31 August 2022	91

18 Tangible fixed assets

a. Group	Building improvements £'000	Assets in course of construction £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 31 August 2022	24,652	5,010	59	24,001	**53,722**
Additions	1,360	6,857	-	371	**8,588**
Reclassifications	68	(68)	-	-	-
Disposals	(177)	-	(22)	(263)	**(462)**
At 31 August 2023	25,903	11,799	37	24,109	**61,848**
Depreciation					
At 31 August 2022	9,550	-	59	15,417	**25,026**
Disposals	(177)	-	(22)	(263)	**(462)**
Charge for the year	1,432	-	-	1,734	**3,166**
At 31 August 2023	10,805	-	37	16,888	**27,730**
Net book value					
At 31 August 2023	**15,098**	**11,799**	**-**	**7,221**	**34,118**
At 31 August 2022	15,102	5,010	-	8,584	28,696

18 Tangible fixed assets (continued)

b. Royal Academy

	Building improvements £'000	Assets in course of construction £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 31 August 2022	24,390	4,999	37	23,571	**52,997**
Additions	1,360	6,857	-	371	**8,588**
Reclassifications	68	(68)	-	-	**-**
Disposals	(177)	-	-	(263)	**(440)**
At 31 August 2023	25,641	11,788	37	23,679	**61,145**
Depreciation					
At 31 August 2022	9,288	-	37	14,995	**24,320**
Disposals	(177)	-	-	(263)	**(440)**
Charge for the year	1,432	-	-	1,730	**3,162**
At 31 August 2023	10,543	-	37	16,462	**27,042**
Net book value					
At 31 August 2023	**15,098**	**11,788**	-	**7,217**	**34,103**
At 31 August 2022	15,102	4,999	-	8,576	28,677

c. 6 Burlington Gardens (Freehold property)

Group and Royal Academy	**6 Burlington Gardens £**
Cost	
At 31 August 2022	66,647
Capital Goods Scheme adjustments	(254)
At 31 August 2023	**66,393**

In the opinion of the trustees, based on a valuation as at 31 August 2023 by an independent third party, the open market value of the Royal Academy's interest in 6 Burlington Gardens exceeds the book value by approximately £3.6m. The Royal Academy would have no liability to taxation if the asset was sold at open market value on the basis that the proceeds were used to further the company's charitable activities.

18 Tangible fixed assets (continued)

d. 7 Pembroke Studios (Investment property)

In 2020, the RA received a donation of £2.2m for the purchase of 7 Pembroke Studios for £1.65m, with the balance to be used for other costs of purchase and the ongoing repairs and maintenance of the property. As part of the gift there is a requirement that the artist who has been using the studio since 2012 is able to have exclusive, rent free use of the studio for as long as she is able to continue to actively use it as an artist up to a maximum of 25 years. At the end of this period the Royal Academy has the right to use or dispose of the studios and use the proceeds for its general charitable purposes. The completion of the purchase of the studio took place in September 2020 for £1.65m plus legal and professional costs. A significant refurbishment was completed in 2021, such that the total cost as at 31 August 2021 was £1.9m.

Group and Royal Academy	**7 Pembroke Studios**
	£
Fair value	
At 31 August 2022	1,155
Additions (at cost)	8
Fair value gain	27
At 31 August 2023	**1,190**

As the use of the property by this artist is not for the Royal Academy's charitable purposes and the property is primarily held for its capital appreciation, it is being accounted for as an investment property. The Charities SORP requires that investment properties are measured initially at cost and subsequently at fair value at the reporting date.

Based on a valuation as at 31 August 2023 by an independent third party, the current open market value (with vacant possession) of the property is £1.7m. However, due to the requirement for the artist to be able to use the property rent free for up to 25 years from September 2020, the valuation on this basis is much lower at £1.19m. In accordance with the Charities SORP, this lower valuation is deemed to be the fair value for accounting purposes.

19 Other investments

	Group		**Royal Academy**	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Investments at market value	**1,766**	1,742	**1,766**	1,742
Investments in subsidiaries at cost	**-**	-	**-**	-
Total	**1,766**	1,742	**1,766**	1,742

The Royal Academy beneficially owns all of the called up share capital of RA (Arts) Limited (02836364), R.A. Enterprises Limited (01666333) and Burlington House Limited (02216104), each of which is registered in England and Wales. See note 7 for the financial results of these entities during the year.

19 Other investments (continued)

Movement in market value of investments:	2023 £'000	2022 £'000 as restated
Market value of investments at 1 September	**1,730**	1,228
Additions to investments at cost	**-**	666
Net losses on investments	**(39)**	(164)
Market value of investments at 31 August	**1,691**	1,730

Market value of investments by type:		2023 £'000	2022 £'000 as restated
Fixed income		**250**	157
Equities		**1,146**	1,105
Property		**70**	111
Alternative investments		**167**	279
Liquid assets		**58**	78
Total market value of investments	(Historic cost of investments £1,700,000 (2022: £1,700,000))	**1,691**	1,730
Cash holdings		**75**	12
Total		**1,766**	**1,742**

Investments are held under management with Sarasin & Partners LLP and are invested in the Sarasin Climate Active Endowments Fund. The fund seeks to provide growth (through increases in investment value and income) of 4% per year more than the Consumer Price Index over a rolling five year period. It has a global multi-asset portfolio with an integrated socially responsible investment policy that also favours investments that may benefit from a move to a lower carbon economy.

The fund will not invest in tobacco and will also avoid investment in companies that have more than 10% of their turnover in armaments, gambling and pornography. The fund has additional restrictions including no investment in companies with 5% or more of their turnover involved in the mining of thermal coal or tar sands; following engagement, no investment in companies that needlessly emit significant quantities of carbon into the atmosphere, or which do not take seriously the transition to a low carbon economy; and qualitative judgments to be considered on a regular basis by the fund's Climate Active Advisory Panel.

20 Debtors

	Group		Royal Academy	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Trade debtors	**979**	1,344	**330**	729
Royal Academy related entities	**-**	-	**1,629**	1,363
Royal Academy Trust	**2**	-	**97**	39
Taxation	**553**	497	**553**	497
Staff loans	**9**	7	**9**	7
Sundry debtors	**1,731**	1,245	**1,492**	1,040
Prepayments and accrued income	**1,088**	1,215	**902**	1,017
Total	**4,362**	4,308	**5,012**	4,692

21 Creditors - amounts falling due within one year

	Group		Royal Academy	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank loan	**220**	220	**220**	220
Trade creditors	**873**	730	**744**	499
Royal Academy related entities	**-**	-	**-**	4
The Friends of the Royal Academy	**193**	246	**193**	246
Taxation and social security	**633**	577	**482**	425
Sundry creditors	**271**	276	**236**	276
Accruals	**2,369**	1,606	**2,135**	1,395
Deferred income (i)	**1,550**	1,417	**1,363**	1,157
Total	**6,109**	5,072	**5,373**	4,222

A Masterplan Revolving Credit Facility of £5.0m was taken out in May 2017 to manage working capital requirements in relation to the Burlington Project. The facility was most recently extended in February 2023 with the £5.0m commitment expiring in June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2027. The facility can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2023 this facility was not drawn down (2022: £nil).

An Operating Revolving Credit Facility of £2.5m was taken out in March 2018 to manage operating working capital requirements. The facility was most recently extended in February 2023 with the £2.5m commitment expiring in March 2023 and thereafter reducing to a £1.5m commitment to 31 August 2027. This facility can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2023, this facility was not drawn down (2022: £nil).

i. Deferred income in 2023 includes ticket sales and sponsorship income for exhibitions in the next financial year, including *Marina Abramović* , *Impressionists on Paper* and *Entangled Pasts* and is analysed as follows:

	Brought forward	**Amount added**	**Amount released**	**Carried forward**
	£'000	**£'000**	**£'000**	**£'000**
Deferred income 2023	1,417	233	(100)	**1,550**
Deferred income 2022	2,109	1,317	(2,009)	1,417

22 Creditors - amounts falling due after more than one year

	Group		Royal Academy	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£
Bank loan	**163**	383	**163**	383
Unsecured loan	**10,000**	10,000	**10,000**	10,000
Total	**10,163**	10,383	**10,163**	10,383

Creditors include amounts not wholly repayable within 5 years as follows:

Unsecured loan	**10,000**	10,000	**10,000**	10,000

The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £24,366 (2022: £12,990) was charged in the year.

In December 2014, the Royal Academy entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2035 until 2044, and has a fixed rate of interest of 4.21% p.a.. This facility was used to fund exceptional operating costs during the Burlington Project construction phase and the plant upgrade/renewal programme for conditioning the Burlington House galleries. Interest of £421,000 (2022: £421,000) was charged in the year. The Royal Academy remains compliant with its various loan covenants.

23 Analysis of net assets by fund

	Endowment	Restricted		Designated	Unrestricted		
		Burlington Project	**Other funds**		**General funds**	**Pension reserve**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
a. Group							
Investments	775	-	401	590	-	-	**1,766**
Heritage assets	-	-	1,574	-	-	-	**1,574**
Intangible assets	-	-	-	-	170	-	**170**
Tangible assets	-	11,685	1,190	-	88,826	-	**101,701**
Current assets	-	11,323	476	59	11,608	-	**23,466**
Current liabilities	-	(1,223)	-	-	(4,886)	-	**(6,109)**
Long term liabilities	-	-	-	-	(10,163)	-	**(10,163)**
Pension asset	-	-	-	-	-	6,185	**6,185**
Total	**775**	**21,785**	**3,641**	**649**	**85,555**	**6,185**	**118,590**

23 Analysis of net assets by fund (continued)

	Endowment	Restricted		Designated	Unrestricted		
		Burlington Project	Other funds		General funds	Pension reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
b. Royal Academy							
Investments	775	-	401	590	-	-	**1,766**
Heritage assets	-	-	1,574	-	-	-	**1,574**
Intangible assets	-	-	-	-	110	-	**110**
Tangible assets	-	11,685	1,190	-	88,811	-	**101,686**
Current assets	-	11,323	476	59	10,947	-	**22,805**
Current liabilities	-	(1,223)	-	-	(4,150)	-	**(5,373)**
Long term liabilities	-	-	-	-	(10,163)	-	**(10,163)**
Pension asset	-	-	-	-	-	6,185	**6,185**
Total	**775**	**21,785**	**3,641**	**649**	**85,555**	**6,185**	**118,590**

24 Analysis of endowment funds

Group and Royal Academy		Opening funds £'000	Investment gains less fund managers fees £'000	Unapplied total return allocated to income £'000	Closing funds £'000
Dunard Scholarship:	a.				
- Trust for investment		625	-	-	**625**
- Unapplied total return		14	9	(23)	-
Exhibitions fund:	b.				
- Trust for investment		150	-	-	**150**
- Unapplied total return		3	2	(5)	-
Total		**792**	**11**	**(28)**	**775**

a. **Dunard Scholarship**: the fund was established in 2020 by a donation of £625,000 from the Dunard Fund. It is held as a permanent endowment and is being accounted for on a total return basis. The purpose of the fund is to endow a student scholarship at the Royal Academy Schools in perpetuity.

b. **Exhibitions fund**: the fund was established in 2019 by a donation of £150,000 from the Thompson Family Charitable Trust, and reclassified as permanent endowment in 2020, and is being accounted for on a total return basis. The purpose of the fund is to support ongoing exhibition costs from investment returns.

25 Analysis of restricted funds

Group and Royal Academy

		Opening funds £'000	Income and fund growth in year £'000	Expenditure £'000	Unapplied total return from endowments £'000	Fair value gains £'000	Transfers £'000	Closing funds £'000
Other funds	a.	345	1,996	(1,980)	-	-	(18)	**343**
Bloomberg fund	b.	808	-	(570)	-	-	-	**238**
7 Pembroke Studios	c.	1,420	4	(5)	-	27	(8)	**1,438**
Heritage assets	16	1,392	168	-	-	-	14	**1,574**
Dunard Scholarship	24.a	56	-	(50)	23	-	-	**29**
Exhibitions fund	24.b	14	-	-	5	-	-	**19**
Burlington Project	d.	15,292	6,913	(346)	-	-	(74)	**21,785**
Total		**19,327**	**9,081**	**(2,951)**	**28**	**27**	**(86)**	**25,426**

a. Other funds include donations of £413,119 (2022: £415,889) received from the Royal Academy Trust, other donations of £1,739,500 (2022: £1,734,244) and grants of £12,000 (2022: £996,926) received for specific and general activities as disclosed in notes 5 and 6 respectively. The closing balance relates to the following restricted funds:

The Royal Academy architecture awards £9,072 (2022: £98,459): established in 2018 from a donation of £60,000; a further donation of £255,000 was received in 2019. The awards take place annually for five years and the monies are being used towards the management and running costs of the Royal Academy architecture awards, including architecture awards week where the winner of the Royal Academy Architecture Prize and the finalists for the Royal Academy Dorfman Award come to London from around the world to partake in a week of events and activities and receive their prizes. £10,000 of the money is given to the winner of the Royal Academy Dorfman Award each year.

Young Artists' Summer Show £42,452 (2022: £42,452): established in 2018 from a donation of $67,620 (£51,516), with further donations of £90,187 in 2019, £97,390 in 2020 and £112,600 in 2022. Inspired by the *Summer Exhibition*, the Young Artists' Summer Show brings together work by primary and secondary-level students from across the UK and beyond in an annual exhibition.

Artist in residence exchange programme £nil (2022: £18,352): established in 2018 with a donation of £80,000; a further £27,494 was received in 2019. The funds were used towards the costs of an artist exchange programme between students of the Royal Academy Schools and the K11 Art Foundation ("KAF") in China.

Swanston bequest £24,564 (2022: £24,564): established in 2014 from a legacy of £60,000. The bequest is being used for curating and publishing costs associated with the *Taddei Tondo*.

Cataloguing project £3,032 (2022: £5,084): established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

Architecture professorship £nil (2022: £27,611): established in 2019 from two donations totalling £150,000. The donations were spent on funding the position of the Professor of Architectural History for four years from 1 September 2019 to 31 August 2023.

Clore Cultural Learning Fund £36,296 (2022: £49,094): established in 2021 as a result of the Covid-19 pandemic with a grant of £100,000, the fund supports the delivery of learning and community activities, especially those delivered onsite at the Royal Academy.

25 Analysis of restricted funds (continued)

Dunard Schools Fund £81,031 (2022: £79,633): established in 2020 from a donation of £333,333, with a total of £1,000,000 pledged over three years. Futher donations totalling £666,667 were received in 2022 and 2023. The fund provides £50,000 per annum towards Royal Academy Schools bursaries and £283,333 towards Royal Academy Schools tutors' salaries.

Marie Ragnhild Hollingsworth Prize Fund £143,350 (2022: £nil): established in 2023 from donations totalling £148,350. The fund provides £5,000 per annum for a prize at the *Summer Exhibition* .

British Council residency £3,868 (2022: £nil): established in 2023 from grant income of £12,000, this will fund a residency for an early career researched. The project is due to complete in 2024.

b. **Bloomberg Digital Accelerator Fund** £237,752 (2022: £807,721): established in 2021 from grant income of £980,000 from the Bloomberg Philanthropies' Digital Accelerator Fund. This will fund updating the user experience and infrastructure of the main Royal Academy website; delivering a digital studio for online events; and researching the Royal Academy's requirements for digital asset management. The project is due to complete in 2024.

c. **7 Pembroke Studios**: the fund was established in 2020 from a donation of £2,159,884 ($2,790,720), of which £1,650,000 was used to purchase Pembroke Studios in September 2020, an artist's studio in London, with the balance of the fund to be used for the legal and professional fees associated with the purchase and repairs and maintenance of the property for a period of up to 25 years. It was the donor's wish that an artist, who has been using the studios since 2012, should be able to continue to have exclusive, rent free use of the studios for as long as she is actively and regularly using the studios for up to a maximum of 25 years. At the end of the said period, the Royal Academy will have full and free use of the studios and have the right to sell the studios and apply the proceeds of the sale towards its general charitable purposes.

d. **Burlington Project** - Phase I was completed in 2018, with all Burlington Project - Phase I restricted and designated funds being transferred to unrestricted funds as specific identifiable assets were brought into service and as such, the restrictions on these funds have been satisfied. The remaining restricted funds are in respect of Phases II and III and other projects, which form part of the overall Burlington Project (see note 30).

26 Analysis of designated funds

Group and Royal Academy	Opening funds £'000	Income £'000	Expenditure £'000	Investment losses £'000	Closing funds £'000
Total designated	643	2,822	(2,803)	(13)	**649**

Council have designated the funds detailed below out of unrestricted funds:

Schools architect fund £78,262 (2022: £77,248): the fund was established in 2018 from a legacy of £88,039. The funds are held on investment with Sarasin & Partners LLP, with the investment returns being used to fund an annual event as part of the RA Architecture Programme in Sir Richard MacCormac's name.

Schools annual travel prize £12,000 (2022: £14,000): a legacy of £20,000 was received in 2018 and designated as an annual travel prize of £2,000 for students of the Royal Academy Schools. The first prize was awarded in 2018, with further awards in 2019, 2022 and 2023. It is anticipated this will be spent over a period of 10 years.

Future Academy £558,173 (2022: £551,266): unrestricted donations and legacies received in 2019, 2020 and 2022 have been designated by Council for expenditure on the Royal Academy Schools (£34,284), the Collection (£14,193), education (£500) and the Presidents' Fund (£509,195), which is held to support the Royal Academy in periods when there is unexpected volatility in income or expenditure.

27 Administered funds

The Royal Academy has six funds which have not been consolidated within the financial statements of the Royal Academy, on the basis that while the Royal Academy is administering the funds, it is not the ultimate beneficiary. However, as the funds are administered by the Royal Academy, these have been disclosed separately below for information.

These funds consist of the following:
Frampton Fund
Agnes Ethel MacKay Fund
Jack Goldhill Sculpture Fund
Charles Wollaston Award Fund
Pitchforth Scholarship Fund
Sir John Reeves Ellerman Fund

	2023	2022
	£'000	£'000
Income from investments	27	-
Expenditure	(151)	(166)
Net gains / (losses) on investments	116	(484)
Net loss	(8)	(650)
Total funds brought forward	4,322	4,972
Total funds carried forward	4,314	4,322
Represented by:		
Investments	4,129	4,014
Cash at bank	70	154
Debtors	134	180
Creditors	(19)	(26)
Total funds	4,314	4,322

28 Reconciliation of net income to net cash inflow from operating activities

	2023	2022
	£'000	£'000
		as restated
Net income	7,122	10,071
Heritage asset gifts	(168)	-
Amortisation of intangible assets	88	219
Depreciation of tangible assets	3,166	3,423
(Fair value gain) / diminution in value of investment property	(27)	8
Current pension service income	(1,989)	(140)
Increase in stock	(93)	(45)
Decrease / (increase) in debtors	2	(1,337)
Increase / (decrease) in creditors	1,037	(379)
Interest paid	445	438
Interest received	(596)	(6)
Dividends and interest from fixed asset investments	(59)	(36)
Net losses on fixed asset investments	39	164
Net cash provided by operating activities	8,967	12,380

29 Pension costs

The Royal Academy, together with its subsidiary undertakings, participates in a funded defined benefit pension scheme, operated by the Royal Academy of Arts Pension Scheme ("the Scheme"), providing benefit based on final pensionable salary. The assets of the Scheme are held independently from those of the Royal Academy.

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to the members' final salary at retirement and their length of service up to the date on which the Scheme closed to future accrual, being 30 September 2016.

The Scheme is a registered scheme under UK legislation and was not contracted out of the State Sector Pension prior to the cessation of contracting out from 6 April 2016.

The Scheme is subject to the scheme funding requirements outlined in UK legislation.

The Scheme was established from 3 January 1985 under trust and is governed by the Scheme's definitive trust deed and rules dated 31 March 1998. The trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy.

A full actuarial valuation of the Scheme was carried out as at 31 August 2022 and has been updated to 31 August 2023 by a qualified independent actuary.

Since June 2006 the Scheme has been closed to new members and closed to future accrual on 30 September 2016.

The major assumptions used by the actuary were (in nominal terms) as follows:	**2023**	2022
Discount rate	**5.3%**	4.2%
Inflation assumption (RPI)	**3.2%**	3.5%
Inflation assumption (CPI)	**2.4%**	2.7%
Rate of increase in salaries	**3.2%**	3.5%
Pension increases for service accrued:		
Pre 6 April 1997	**2.4%**	2.5%
6 April 1997 to 30 September 2006	**3.1%**	3.3%
Post 30 September 2006	**2.1%**	2.2%
Assumed life expectancies on retirement at age 60 are:		
Retiring in 2022 - Males	**26.0**	26.3
Retiring in 2022 - Females	**28.5**	29.0
Retiring in 2042 - Males	**27.5**	27.8
Retiring in 2042 - Females	**30.0**	30.4

The assumptions used in determining the overall expected return of the Scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins.

29 Pension costs (continued)

The assets in the Scheme were:	**2023**	2022
	£'000	£'000
Equities or equivalent	**-**	10,779
Corporate bonds	**16,838**	18,970
Cash	**156**	479
LDI funds	**14,769**	7,801
Fair value of Scheme assets	**31,763**	38,029
Present value of funded obligations	**(25,578)**	(31,585)
Surplus in funded Scheme	**6,185**	6,444
Net asset in balance sheet	**6,185**	6,444

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	**2023**	2022
	£'000	£'000
Benefit obligation at beginning of year	**31,585**	45,022
Interest cost	**1,268**	712
Actuarial gains	**(4,456)**	(13,146)
Benefits paid	**(1,135)**	(1,003)
Curtailments	**(1,684)**	-
Benefit obligation at end of year	**25,578**	31,585

Reconciliation of opening and closing balances of the fair value of Scheme assets:	**2023**	2022
	£'000	£'000
Fair value of Scheme assets at beginning of year	**38,029**	53,756
Interest income on Scheme assets	**1,573**	852
Return on assets, excluding interest income	**(6,704)**	(15,576)
Benefits paid	**(1,135)**	(1,003)
Fair value of Scheme assets at end of year	**31,763**	38,029

The amounts recognised in the SOFA:	**2023**	2022
	£'000	£'000
Service cost - including current service costs, past service costs and settlements	**(1,684)**	-
Net interest on the defined benefit pension scheme asset	**(305)**	(140)
Total income	**(1,989)**	(140)

Remeasurement of the defined benefit pension scheme asset:	**2023**	2022
	£'000	£'000
Actuarial gains on the liabilities	**(4,456)**	(13,146)
Return on assets, excluding interest income	**6,704**	15,576
Total remeasurement of the defined benefit pension scheme asset	**2,248**	2,430

30 Authorised and contracted capital expenditure

a. Group

	Total project cost £'000	Costs expensed to the SOFA £'000	Assets in service £'000	Assets in course of construction £'000	Authorised but not contracted for £'000	Contracted for £'000
Other projects	114	-	-	114	-	-
Burlington Project - Phase II	22,800	515	1,447	11,146	-	9,692
Burlington Project - Phase III	6,500	-	-	491	6,009	-
Other Burlington Projects:						
Façade	750	-	-	48	702	-
Total	**30,164**	**515**	**1,447**	**11,799**	**6,711**	**9,692**

b. Royal Academy

	Total project cost £'000	Costs expensed to the SOFA £'000	Assets in service £'000	Assets in course of construction £'000	Authorised but not contracted for £'000	Contracted for £
Other projects	102	-	-	102	-	-
Burlington Project - Phase II	22,800	515	1,447	11,146	-	9,692
Burlington Project - Phase III	6,500	-	-	491	6,009	-
Other Burlington Projects:						
Façade	750	-	-	48	702	-
Total	**30,152**	**515**	**1,447**	**11,787**	**6,711**	**9,692**

Burlington Project - Phase II is the redevelopment of the Royal Academy Schools. The work has been split into two phases. A smaller first phase created new workshop spaces in 6 Burlington Gardens. These were completed to budget in the first half of 2022. The more significant second phase will refurbish the Royal Academy Schools main footprint in Burlington House and started in early 2022 and is due to complete in 2024. Knight Harwood are the main contractors for the entire project. The original budget for the whole project of £17.8m approved by Council in April 2021 was increased to £22.0m with costs being pushed up due to general inflation and procurement issues with certain materials and was approved by Council in November 2022. Due to various discoveries and a related extension of time for the works, a further increase in the budget to £22.8m was approved by the Finance and Performance Committee under delegated authority from Council in September 2023. The project has been fully fundraised for.

Burlington Project - Phase III is the redevelopment of the Collection Gallery. This is currently at an early design stage with the intention that the construction phase commences no later than July 2025. Nearly £6.5m has been fundraised, with the funds held by the Royal Academy Trust until required by the Royal Academy. £0.5m was donated by the Royal Academy Trust in 2018, with a further £0.5m in 2019 in respect of costs incurred to date with the balance being held in cash at bank. £5.4m is being held and invested by the Royal Academy Trust until required by the Royal Academy, with further interest accruing on these funds.

The façade project is in respect of the restoration and the cleaning of the Burlington House façade. This project is at a preliminary design stage but a £0.7m budget was approved by Council in April 2021. This has been fully fundraised for and is included in cash at bank less project costs incurred to date.

31 Contingent liabilities

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2023 (2022: none).

32 Financial commitments

a. Group

At 31 August total commitments under operating leases were as follows:

	Land and buildings £'000	**Other £'000**	**2023 Total £'000**	Land and buildings £'000	Other £'000	2022 Total £'000
Under one year	**219**	**160**	**379**	224	455	679
Two to five years	**762**	**-**	**762**	790	496	1,286
Over five years	**1,666**	**-**	**1,666**	1,856	-	1,856
Total	**2,647**	**160**	**2,807**	2,870	951	3,821

b. Royal Academy

At 31 August total commitments under operating leases were as follows:

	Land and buildings £'000	**Other £'000**	**2023 Total £'000**	Land and buildings £'000	Other £'000	2022 Total £'000
Under one year	**219**	**73**	**292**	224	414	638
Two to five years	**762**	**-**	**762**	790	494	1,284
Over five years	**1,666**	**-**	**1,666**	1,856	-	1,856
Total	**2,647**	**73**	**2,720**	2,870	908	3,778

33 Financial instruments

The financial statements include the following financial instruments at 31 August:

	Group		**Royal Academy**	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Financial assets measured at amortised cost	**2,618**	2,493	**3,454**	3,075
Financial liabilities measured at amortised cost	**14,089**	13,461	**13,691**	13,023
Financial assets measured at fair value	**1,766**	1,742	**1,766**	1,742

34 Related party transactions

Those in positions of authority within the Group, including trustees, Council members and directors, use facilities of the Group on the same terms as other Royal Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, *Summer Exhibition*, and auctions, and also the use of catering facilities. For the year ended 31 August 2023, all transactions with related parties are considered within the scope of normal transactions.

Income of £271,159 (2022: £nil) was received from R.A. Enterprises Limited, being a distribution of 100% of their net income for the year, offset by prior year losses. In addition, R.A. Enterprises Limited was recharged salaries of £1,823,780 (2022: £1,576,604) and other expenses of £576,915 (2022: £482,014), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £1,296,072 (2022: £1,324,616) was owed and included within the Royal Academy's debtors.

Income of £204,221 (2022: £446,646) was received from Burlington House Limited, being a distribution of 100% of their net income for the year. In addition, Burlington House Limited was recharged expenses of £91,517 (2022: £142,238). At the year end, £14,175 (2022: £38,623) was owed and included within the Royal Academy's debtors.

Income of £1,558,431 (2022: £1,465,636) was received from RA (Arts) Limited, being a distribution of 100% of their net income for the year. In addition, RA (Arts) Limited was recharged salaries of £111,337 (2022: £103,649) and other expenses of £69,571 (2022: £88,903 recharged to RA), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £318,656 (2022: £4,009 was outstanding and included within the Royal Academy's creditors) was owed and included within the Royal Academy's debtors.

Income of £10,598,061 (2022: £11,157,287) was received from The Friends of the Royal Academy, of which £nil (2022: £57,967) relates to unrestricted legacy income received by The Friends of the Royal Academy and donated to the Coronavirus Emergency Support Fund, with the balance of £10,598,061 (2022: £11,099,320) being 100% of their net income for the year. In addition, The Friends of the Royal Academy reimbursed salary and other expenses recharged of £429,709 (2022: £554,750). At the year end, £192,941 (2022: £246,433) was outstanding and included within creditors.

In order to optimise cash management efficiency, the sterling current accounts of the Royal Academy, its subsidiary undertakings and The Friends of the Royal Academy are pooled, such that overnight all cleared debit and credit balances on the current accounts of these entities are set off into a single Royal Academy account. The debtor and creditor balances between each of the entities in this pooling group at the year end in part reflects this pooling arrangement.

During the year, the Royal Academy received income of £3,729,819 (2022: £1,055,889) from the Royal Academy Trust with donations of £2,000,000 towards the Coronavirus Emergency Support Fund (2022: £nil) and £1,729,819 (2022: £1,055,889) further donations to support various campaigns and projects undertaken. Donations of £nil to the Royal Academy Trust (2022: £1,648) relates to unspent funds from the cataloguing project. At the year end, £96,752 (2022: £39,195) was owed and included within the Royal Academy's debtors.

The trustees donated a total of £nil (2022: £nil) to the Royal Academy during the year.

35 Prior year restatement

The prior year investment returns for the fixed asset investment holdings have been restated to show investment income and net losses on investments separately on the Statement of Financial Activities ("SOFA"); investment income was previously netted off against net losses on investments. The net impact of this on the SOFA for the year ended 31 August 2022 is £nil.

THE ROYAL ACADEMY OF ARTS

England & Wales - Charity number 1125383

Accounts

THE ROYAL ACADEMY OF ARTS

(A Company Limited by Guarantee)

Registered Charity No. 1125383
Registered Company No. 06298947

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2022

The Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2022

Registered Charity No. 1125383

Registered Company No. 06298947

PRESIDENT AND COUNCIL:

In the financial year and at the date of signing:

President

Rebecca Salter PRA

Council

Sir David Adjaye OBE RA (appointed 5 October 2021; resigned 7 June 2022)
His Honour Judge Tony Baumgartner
Helen Boaden
Prof Sonia Boyce OBE RA (appointed 5 October 2021)
Stephen Chambers RA (resigned 4 October 2022)
Ann Christopher RA (resigned 5 October 2021)
Richard Deacon CBE RA (appointed 5 October 2021)
Simon Friend
Piers Gough CBE RA (resigned 5 October 2021)
Prof Lubaina Himid CBE RA
Gary Hume RA
Louisa Hutton OBE RA (appointed 5 October 2021; resigned 4 October 2022)
Vanessa Jackson RA (resigned 5 October 2021)
Sir Isaac Julien KBE RA (appointed 5 October 2021; resigned 4 October 2022)
Jock McFadyen RA (resigned 4 October 2022)
Níall McLaughlin MBE RA (resigned 5 October 2021)
Humphrey Ocean RA (resigned 5 October 2021)
Grayson Perry CBE RA
Fiona Rae RA (resigned 5 October 2021)
Eva Rothschild RA (resigned 4 October 2022)
Emma Stibbon RA (appointed 5 October 2021)
Prof Peter St John (Adam Caruso and Peter St John RA) (resigned from Council 5 October 2021)
Prof Alison Wilding OBE RA (appointed 5 October 2021)
Bob and Roberta Smith RA (appointed 4 October 2022)
Eric Parry RA (appointed 4 October 2022)
Cornelia Parker CBE RA (appointed 4 October 2022
Thomas Heatherwick CBE RA (appointed 4 October 2022)
Louise Wilson (Jane and Louise Wilson RA) (appointed 4 October 2022)
John Akomfrah CBE RA (appointed 4 October 2022)

Officers

Rebecca Salter PRA	President
Professor Cathie Pilkington RA	Keeper
Prof Peter St John (Adam Caruso and Peter St John RA)	Treasurer
Axel Rüger	Secretary and Chief Executive

Company Secretary

Benedict Anstey	General Counsel

Senior Leadership Team

Charlotte Appleyard	Director of Development & Business Innovation
Eliza Bonham Carter	Curator and Director, RA Schools
Carl Hitchcock	Director of Finance
Rebecca Lyons	Director of Collections & Learning
Natasha Mitchell	Director of Corporate Services
Jo Prosser	Director of Audience & Experience
Andrea Tarsia	Director of Exhibitions

Royal Academy Committees
at the date of signing[1]:

Finance and Performance Committee	**Exhibitions and Displays Committee**
Treasurer *ex officio* (Chair)	Stephen Chambers RA (Chair)
Pesh Framjee	Professor Josephine Dawn Ades CBE FBA
Simon Friend	John Akomfrah CBE RA
Maria Lisogorskaya, Assemble RA Elect	Anne Desmet RA
Andrea O'Keeffe	Professor Chantal Joffe RA
Paul Venables	Hew Locke RA Elect
Bill Woodrow RA	Dorothy Price
	Ben Thomas
	President *ex officio*
	Treasurer *ex officio*
	Keeper *ex officio*
	Secretary and Chief Executive
Secretary to the Committee: Carl Hitchcock (Director of Finance)	*Secretary to the Committee: Andrea Tarsia (Director of Exhibitions)*
Audit and Risk Committee	**People and Remuneration Committee**
Simon Friend (Chair)	Helen Boaden (Chair)
John Collier	Kerstin Mogull
Spencer de Grey RA	Eric Parry RA
Anne Desmet RA	Bill Woodrow RA
Clive Humby	
Secretary to the Committee: Carl Hitchcock (Director of Finance)	*Secretary to the Committee: Natasha Mitchell (Director of Corporate Services)*
RA Schools Committee	
Gary Hume RA (Chair)	Richard Kirwan
Keeper	Mary Stephenson
Secretary and Chief Executive	Adham Faramawy
Secretary to the Committee: Eliza Bonham Carter (Curator and Director, RA Schools)	

Professional Advisors:

Auditors:
Moore Kingston Smith LLP, 6th Floor, 9 Appold Street, London. EC2A 2AP

Bankers:
Lloyds Bank Plc, 4th Floor, 25 Gresham Street, London. EC2R 8LA

Investment Managers:
Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London. EC4M 8BU

Solicitors:
Macfarlanes LLP, 20 Cursitor Street, London. EC4A 1LT
Withers LLP, 16 Old Bailey, London. EC4M 7EG

Registered Office:
Burlington House, Piccadilly, London. W1J 0BD

[1] Other committees of Council not detailed here are: Annual Dinner Committee and Summer Exhibition Committee. Architecture Committee; Buildings Committee; Collections and Library Committee; and Learning Committee were committees of Council until 31 August 2022.

The Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2022

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

The Royal Academy of Arts ("Royal Academy" or "RA" or "Academy") was incorporated as a company limited by guarantee on 2 July 2007, company registration number 06298947, and registered as a charity on 6 August 2008, charity registration number 1125383.

The incorporated Royal Academy commenced trading on 1 September 2009 following the transfer of the net assets and undertakings from the unincorporated Royal Academy, charity registration number 212798.

The Royal Academy today continues to aspire, in the words of its 18th century founders, to "promote the arts of design". It believes in learning through first-hand experience of the arts and is unique in its combination of practical work, exhibitions, and learning programmes.

Royal Academicians are painters, sculptors, architects, engravers, printmakers, and draughters elected by their peers for their distinction as artists. There are up to 100 active Academicians (under the age of 75) who form the General Assembly and a number of Senior Academicians (over the age of 75). Royal Academicians and Senior Academicians constitute the membership of the RA as a company and charity.

The Royal Academy receives no direct revenue support from the government or any other public body.

The Royal Academy's charitable objects are:

- The promotion of the arts of design.
- The education of the public in the creation, enjoyment, appreciation, and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

Governance and management

Council

The Royal Academy is governed by its Board of Directors or trustees, who are referred to as the Council of the Royal Academy. Council consists of thirteen Academicians, up to three individuals who are not Academicians, and the President.

- Six seats in Council go by rotation/succession to all the Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Three seats in Council go to newly elected Academicians. These individuals serve on Council for one year and may be re-elected for two further terms of two years.
- Four seats in Council are elected by the General Assembly from all serving Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Up to three "external" (non-Academician) members of Council are chosen and recommended by Council and approved by the General Assembly. These individuals serve on Council for two years and may be re-elected for two further terms of two years.

The President is the Chair of Council. The President has no vote at Council unless the votes are equal, in which case the President has the casting vote. The Keeper, the Treasurer and the Secretary and Chief Executive attend Council but are not members of Council.

Council normally meets at least six times a year.

General Assembly

Royal Academicians meet collectively in General Assembly. There are at least two General Assemblies annually. Additional General Assemblies may be held in accordance with the Laws.

The responsibilities of General Assembly include:

- Election of the three Academician Officers: The President, the Keeper, and the Treasurer and approval of the appointment of the Secretary and Chief Executive.
- Approval of changes in the Laws.
- Election of two Academicians to Council each year.
- Approval of certain appointments made by Council, including external members of Council.
- Election of Academician members of the Audit and Risk Committee.
- Approval of the appointment of auditors and receiving a report on the Annual Report and Consolidated Financial Statements each year.
- Election of Professorships and other honorary positions.
- Consideration of matters relating to members' affairs.

Officers

The Officers of the Royal Academy are the President, the Keeper, the Treasurer, and the Secretary and Chief Executive.

The President:

- Acts as the formal representative of the RA to the outside world.
- Chairs General Assembly, Council and Committees of Council where appropriate.
- Works closely with the Secretary and Chief Executive to ensure that all aspects of the stewardship of the RA as determined by Council are executed through the Secretary and Chief Executive by the Senior Leadership Team and staff.

The Keeper:

- Acts as the formal representative of the RA Schools to the outside world, General Assembly and Council.
- Works to ensure that the stewardship and academic performance of the RA Schools are maintained to the appropriate standards.
- Represents the Academicians in their dealings with the RA Schools.

The Treasurer:

- Acts as the formal representative of the Academicians on all matters concerning finance.
- Chairs the Finance and Performance Committee and reports to Council on the Finance and Performance Committee's work.
- Ensures that Council (through the Finance and Performance Committee) are provided with budgets and reports for all exhibitions.

The Secretary and Chief Executive:

- Acts in the accepted and generally understood role of Secretary and Chief Executive, both within the RA and externally.
- Is responsible for the strategic, cultural, and business aspects of the organisation and the administration.
- Advises the President and Council on proposed strategies or changes in strategy to realise Council's objectives.

Senior Leadership Team

The Senior Leadership Team ("SLT") comprises seven senior members of staff (directors) and is led by the Secretary and Chief Executive. The SLT is responsible for implementing policies and strategies approved by Council.

Committees

The Finance and Performance Committee (formerly the Finance Committee to 31 August 2022) is responsible to Council for overseeing and scrutinising the financial integrity and performance of the Royal Academy. The Committee's specific duties span the following areas: financial planning, management, and controls; investments; financing; major projects and estates strategy; commercial and audience strategies; remuneration and pensions; and organisational performance. The Committee usually meets at least four times a year.

The Exhibitions and Displays Committee (formerly the Exhibitions Committee to 31 August 2022) is responsible to Council for overseeing the programming and development of the RA's activities in its exhibitions and displays. The Committee reviews the RA's exhibitions strategy and satisfies itself that the programmes have artistic and educational coherence and reflect the aims, aspirations, and charitable objects of the RA. The Committee usually meets at least four times a year.

The Audit and Risk Committee (formerly the Audit Committee to 31 August 2022) is responsible to both General Assembly and Council. The Committee provides assurance that there is an effective framework in place for risk management and internal controls assurance, including internal and external audit. The Committee also oversees the preparation and review of the RA's Annual Report and Consolidated Financial Statements. The Committee usually meets at least three times a year.

The People and Remuneration Committee (formerly the Remuneration Committee to 31 August 2022) is responsible to Council for overseeing the broad remuneration policy of the RA (including pensions and redundancy) and specifically the remuneration of the Secretary and Chief Executive, SLT and the stipends of the Officers. The Committee is further responsible to Council for considering and making recommendations on significant policies and matters relating to RA staff and overarching people strategy/priorities. The Committee usually meets at least three times a year.

The RA Schools Committee is responsible to Council for overseeing the care, management and development of the RA Schools and their students. The Committee usually meets at least three times a year.

Trading subsidiaries
The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited (company no. 1666333), Burlington House Limited (company no. 2216104), and RA (Arts) Limited (company no. 2836364). Although these are separate legal entities, they are regarded as part of the Royal Academy group and are included in the consolidated financial statements.

Connected charities
The Royal Academy Trust, set up in 1981 to provide funds for the support of the Royal Academy, is separately registered as a charity with its own trustees (charity no. 1067270). As it is not controlled by the Royal Academy, its resources have not been consolidated with those of the Royal Academy.

The Friends of the Royal Academy, a separate charity with its own trustees, was incorporated as a company limited by guarantee in December 1976 to support the work of the Royal Academy (charity no. 272926, company no. 1291535). As with the Royal Academy Trust, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Trustees' duties in relation to Section 172 of the Companies Act 2006
Members of Council, as directors of the Royal Academy, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the organisation, and in doing so have regard (amongst other matters) to:

- The likely consequences of any long-term decision.
- The interests of the organisation's employees.
- The need to foster the organisation's business relationships with suppliers, customers, and others.
- The impact of the organisation's operations on the community and the environment.
- The desirability of the organisation to maintain a reputation for high standards of business conduct.

This report summarises above the Royal Academy's governance framework. The Royal Academy's values and behaviours and how it has engaged with stakeholders throughout the year are considered further in this report. Council has considered the views and needs of key stakeholders in Council discussions and decision making. The following are not intended to be an exhaustive list but are illustrative of how Council has fulfilled its duties throughout the year.

Decision making
New Council members receive a comprehensive induction and ongoing training, including a detailed "induction pack" of documents, which includes:

- Guidance on trustees' roles and duties.
- A specific Code of Conduct for Council members.
- A copy of the Royal Academy's constitutional documents (Memorandum and Articles of Association and RA Laws), together with the Administrative Instructions, which describe the administrative structure of the Royal Academy and provide guidance as to its processes of management and administration.
- Annual reports and financial management reports.
- Minutes of previous meetings.
- Relevant RA policies and procedures.

They also have an induction session before the first (October) Council meeting of the financial year, conducted by the RA's President, General Counsel, Secretary and Chief Executive, Director of Finance and Director of Corporate Services, which includes key information on organisation finances and strategy, live issues requiring Council consideration, and an explanation of Council roles and responsibilities.

The Secretary and Chief Executive, together with the SLT, have delegated authority for the day-to-day running of the Royal Academy, and are accountable to Council for this. At each meeting, Council receives reports from the President and Secretary and Chief Executive, assessing organisation impact, financial performance and updating on key operational issues.

Council, Committees, and the SLT keep principal organisational risks under review. For further details on our risk management framework and principal risks and uncertainties please refer to page 24.

Stakeholder engagement

Staff and volunteers
The Royal Academy's staff, together with its casuals and volunteers, are central to its ability to deliver its charitable mission. The Royal Academy has a clear set of values linked to its mission and is committed to being both an inclusive, diverse, and flexible employer. The Royal Academy works to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability, or any other protected characteristics. Further information on gender pay and reporting, diversity and inclusion and disability and wellbeing is provided in other sections of this report. The Royal Academy will continue its work on inclusion and racial equity across all aspects of the RA and is mindful of the ways that it can rebuild its programmes and the organisation to make every visitor feel welcome, and to create a more equitable workplace and place of study.

Business relationships with suppliers, customers, and others
The delivery of the Royal Academy's charitable aims and objectives is dependent on a range of relationships with suppliers and other business partners. Council has encouraged the SLT and wider management to develop and maintain trusted partnerships with both and expects the Royal Academy's partners to be aligned with its values. The Royal Academy seeks to act with honesty and integrity in all it does to deliver the best value for money in our mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." Partner organisations are expected to comply with the requirements of any professional standards, or trade bodies, depending on their activities, and all applicable laws, statutes, regulations, and codes of practice relating to anti-bribery and anti-corruption.

The Royal Academy has a zero-tolerance approach to modern slavery and strives to act ethically and with integrity in all its business dealings and relationships to ensure that modern slavery does not take place in its own organisation or in any of its supply chains. The Royal Academy will continue to ensure that this approach is clear to partner organisations.

Further details of the Royal Academy's policies in relation to its business relationships with companies, suppliers, customers, and others, including supplier Terms and Conditions are available on the Royal Academy's website and a statement on Modern Slavery can be found at: royalacademy.org.uk/modern-slavery-and-human-trafficking-statement.

Sustainability and environmental impact
The Royal Academy recognises that the climate emergency is a critical issue of our time. Reducing the environmental impact of our activities is a key priority for the organisation. We have a way to go, but we are committed to the cause, and determined to play our part in protecting the planet. The estate is now powered by 100% renewable energy and our spaces are almost exclusively lit by efficient LED lighting. Since 2018 we have been committed to "zero landfill". We are in the final stages of attaining BREEAM "Very Good" accreditation to certify the sustainability of our Burlington Gardens campus. The RA's exhibitions are increasingly being designed with an eye on sustainability. Travelling cases for works on loan are regularly being reused, as are the plinths and display cases, where possible. We are also looking to reduce our carbon impact in relation to the transportation of artworks for each exhibition. As much as possible we are looking to consolidate shipments. In the year ahead, we will be working to develop a detailed roadmap to delivering a net zero target ahead of the UK Government's deadline of 2050. Further information on sustainability initiatives can be found on page 17, along with our Streamlined Energy and Carbon Reporting (SECR).

Responsible investment
The Royal Academy recognises the importance of being guided by strong ethical principles and ensuring that our values are embedded in our plans and actions. As part of these guiding principles, the RA is committed to investing its funds in a socially responsible basis. In June 2021, Council approved the RA's Ethical Investment Policy and in October 2022 approved the updated and renamed Responsible Investment Policy ("the Policy"). The Policy has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the RA values of strong ethical principles. The Policy applies to the full scope of the investments held by the RA. The RA believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance ("ESG") issues. The Finance and Performance Committee monitors the operation and the effectiveness of the Policy and provides Council with an annual update in October each year.

Approaches to governance and governance reviews
The Royal Academy and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

The Royal Academy regularly reviews its governance structure and processes, including commissioning external reviews in 2016 and 2020. This has included assessment against the seven Principles of the Charity Governance Code. Some improvements made as a result of these reviews include:

- Reviewed memberships of committees and governance bodies and introducing clear and precise terms of reference.

- Improved Council induction and training.
- Changed approaches to minute-taking, recording, and managing conflicts of interest.

Review of committees
The Royal Academy has undertaken a review of its committee structure. This review aimed to improve the effectiveness of the RA's governance structure and reduce the resource demand on the organisation, particularly considering the strategy of achieving sustainability and the recent organisational restructure.

The review project commenced in Spring 2021, and involved extensive consultation with key stakeholders across the RA. A clear case for change was identified. In January 2022, Campbell Tickell (external governance advisors) were appointed to work alongside the internal RA project steering group.

With effect on 1 September 2022, a new committee structure was implemented with new terms of reference. This consists of five "core" committees: 1. Finance and Performance; 2. Exhibitions and Displays; 3. Audit and Risk; 4. People and Remuneration; and 5. RA Schools. A standard format and guidance for writing board and committee papers was introduced at the same time, for additional clarity.

Separately, provision has been made for the establishment of "Advisory Groups", based on standard terms of reference, outside the formal governance structure. These groups will work flexibly to examine specific thematic topics, accessing and channelling the insight and expertise of Academicians and others.

The focus will now be on embedding the new structure and ensuring that organisational decision-making and governance is improved as a result. In particular, the RA will continue to ensure its governance aligns with the Principles of the Charity Governance Code.

RA Collections governance
The Royal Academy Collections are considered a "Designated Collection" by Arts Council England as a "pre-eminent collection of national or international importance" held by a non-national institution. The Collection is accredited through the Arts Council England Accreditation Scheme. Collection matters relating to the management of the collection – its care, audit and risk, report annually to the Audit and Risk Committee; and the work and scholarship of the Collections, Library and Archive teams is reported annually to Council, with loan requests and new acquisitions reported on as required (usually every meeting).

Disabled employees
The Royal Academy is committed to recruiting and developing a diverse and inclusive workforce at all levels. We want to ensure that opportunities to work at the RA are open to all, including disabled people, and that disabled employees feel valued and enabled to carry out their work and develop their careers with us.

Employee consultation
The Royal Academy places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Royal Academy. This is achieved through formal and informal meetings, including regular All Staff Meetings and on the Royal Academy's intranet. In July 2021, the RA announced the creation of the Staff Council. Staff representatives were nominated in August 2021 and the first meeting was held in September 2021. The new Staff Council met six times across the year with elected staff representatives from across the RA meeting with a rotation of members of the SLT to discuss a range of topics relating to matters of concern to staff. Notes from these meetings were also shared more broadly with the wider staff.

Strategic review
In autumn 2019, the Royal Academy began a strategic review of its operations and objectives. A first assessment of the state of the RA was presented to Council in February 2020. This review followed the previous five-year Strategic Plan 2013-2018, which covered the five years leading up to the RA's 250th anniversary – a period of substantial expansion. The review asserted that significant changes to the organisation were needed to place the RA on a more sustainable financial footing. It reflected the assessment of the Secretary and Chief Executive and identified the need to create a robust model for the future.

Covid-19 pandemic
As these changes were being considered the situation was exacerbated by the onset of the Covid-19 pandemic which forced the RA to close its doors to the public in March 2020.

As reported in last year's strategic review, the pandemic had a severe impact on the RA's operations through the remainder of the 2019/20 and for the entire 2020/21 financial year.

During the first half of this financial year, the pandemic continued to have a significant impact. There was a gradual increase in visitor capacity following the final government restrictions being lifted in late July 2021. Our staff and visitor safety and confidence remained paramount, and we continued to have various safety protocols in place. We gradually increased capacities, such that by early-mid Autumn 2021 we were no longer capacity constrained due to the pandemic. However, with the emergence of the Omicron variant and the government measures put in place to combat this, we experienced a significant fall in visitors at the end of Autumn 2021 and the start of Winter 2021/22. Many income-generating activities, including an expanded public programme of events and lectures, did not resume until later in 2022.

The more positive prognosis on the pandemic, has been superseded by external global influences with the outbreak of the Russian / Ukraine conflict in late February 2022. This, together with the longer-term impact of the pandemic as well as Brexit, has contributed to the macro-economic situation the Royal Academy now finds itself in with pressure on supply chains; rising inflation and interest rates; and an emerging risk of a global recession. There remains uncertainty as we recover from the pandemic. The short-term signs are positive from a visitor viewpoint, albeit we are still attracting a significantly lower number of visitors than before the pandemic. The *Summer Exhibition 2022* which closed in late August 2022 was the first exhibition to achieve visitor numbers comparable with pre-pandemic levels. The more immediate concern is the considerable challenge to the cost base with rising inflation and increased labour, energy, and transportation costs and the prospective impact of the "cost of living crisis" on visitor numbers.

It is against this backdrop that the 2022-27 Strategic Plan has been developed this year. The final version of this plan will be formally adopted by Council later in 2022. This will effectively supersede the Vision 2021-25 put in place to drive strategic direction during the last two years as an interim measure ahead of a new strategic plan being adopted.

Core RA and restructuring

In September 2020 the RA developed a vision for its programme of activity, audience strategy, and cost base to ensure its survival over the five years to 2025. To ensure the long-term financial sustainability of the RA, a "core RA" organisational structure was established, aimed to deliver significant annual cost savings. This formed the basis of an organisation-wide restructure at the start of the financial year 2020/21.

Vision 2021-25

The Royal Academy of Arts is one of the oldest arts organisations in the United Kingdom. Founded in 1768 by a group of artists, it has remained an artists' association led by its members, the Royal Academicians, to the present day. As a "home for art, artists, and architects" the RA has a founding mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate". In order to face the financial challenges presented by the Covid-19 pandemic, the Vision 2021-25 focused on the core activity that supports these founding principles: the membership of Royal Academicians, the RA Schools, the exhibition programme, the Collections, and the commitment to learning.

To protect and sustain the core RA activities, in the immediate future, the Vision 2021-25 set out the following principles:

- Focus on an essential programme that serves its audiences
- Continue to welcome and serve its audiences
- Prioritise cost reduction for a five-year horizon
- Proactively support equity and inclusion
- Continue to improve the sustainability of its infrastructure
- Continue to invest in a responsible way.

2022-2027 Strategic Plan

This plan has been developed in 2022. The final version of the plan will be shared with Council later in 2022 for approval and will supersede the Vision 2021-25. Once approved, it will be shared with the Committees of Council and the trustee boards of The Friends of the Royal Academy and Royal Academy Trust before being published. As this has not yet been formally approved or adopted, it is considered further in the "Future Plans" section of this report.

This strategic plan will set out the RA's vision for the next five years and provide a clear roadmap supported by a coherent set of priorities designed to help the RA to realise its ambition. The broad strategic aims outlined in this plan will be underpinned by a series of operational plans which outline the details of implementation and provide metrics for evaluation. The strategy has been developed by the Secretary and Chief Executive in consultation with members of the Senior Leadership Team, the Senior Management Team, the other Officers of the RA (The President, Treasurer and Keeper), as well as the Members, Council, and the trustees of the Royal Academy Trust.

Royal Academicians

The RA was saddened to learn of the deaths over the past year of our former Treasurer Chris Wilkinson OBE RA, Lord Rogers of Riverside CH RA, James Butler MBE RA, Fred Cuming Hon DLitt RA, Dame Paula Rego RA, Ken Howard OBE RA, Professor Brian Catling RA, Carmen Herrera Hon RA and the Honorary Fellows Harrison Birtwistle and Issey Miyake.

The following were elected as Honorary Academicians during the year:

- On 9 September 2021, Pipilotti Rist and Ellen Gallagher.

The following were elected as Honorary Fellows during the year:

- On 14 December 2021, Professor Dame Sarah Gilbert FMedSci and Hisham Matar.

The following were elected as Royal Academicians during the year:

- On 9 September 2021, Amanda Levete in the category of Architecture.
- On 14 December 2021, Michael Armitage in the category of Painting, Peter Barber in the category of Architecture, and Ryan Gander in the category of Sculpture.
- On 29 March 2022, the collective Assemble in the category of Architecture, Katherine Jones in the category of Printmaking, and Hew Locke in the category of Sculpture.
- On 9 June 2022, Clare Woods in the category of Painting, Shirazeh Houshiary and Brian Griffiths in the category of Sculpture.

Senior Leadership Team

Led by the Secretary and Chief Executive, seven directors have responsibility for the following areas: Exhibitions, Audience and Experience, Collections and Learning, the RA Schools, Development, Corporate Services, and Finance.

ACTIVITIES, ACHIEVEMENTS, AND IMPACT

Review of activities

Looking back on 2021/22, we chart our progress in the seven areas described above.

1. Exhibitions

Main Galleries

Renowned artist Yinka Shonibare RA coordinated the *Summer Exhibition 2021* (22 September 2021 – 2 January 2022) which, once again, was held in autumn / winter due to ongoing disruptions caused by the pandemic. Comprising over 1,300 works across a variety of disciplines, the exhibition featured self-taught artists, artists with disabilities, artists from the African diaspora, as well as artists trained in the Western tradition but who work in a more visceral manner. Selected under the rubric of "Reclaiming Magic", the exhibition took inspiration from the perceptions and ideas around magic that are ingrained in certain Pan-African cultures and a continual source of cultural creation. Although magic is often perceived as being foreign to western ideas and western enlightenment culture, the exhibition sought to transcend a Western art historical perspective to focus on the transformative powers of the magical in art, and a return to the visceral, joyful aspects of artmaking. Rebecca Salter PRA chaired a selection committee comprising Royal Academicians Tony Bevan RA, Vanessa Jackson RA, Mali Morris RA, Humphrey Ocean RA, Eva Rothschild RA, Bob and Roberta Smith RA, Emma Stibbon RA and Sir David Adjaye RA. The exhibition was generously supported by Insight Investment and was visited by a total of 146,392 people.

Spanning Francis Bacon's impressive 50-year career, *Francis Bacon: Man and Beast* (29 January 2022 – 17 April 2022) was the first exhibition to chart the development of the artist's imagery through the lens of his fascination with animals and was originally scheduled for 2020 but postponed due to the pandemic. A body of 45 works explored how this unerring fascination both shaped Bacon's approach to the human body and distorted it; how, caught at the most extreme moments of existence, his figures are barely recognisable as human or beast. The exhibition was organised thematically to emphasise Bacon's blurring of human and animal properties, often to existential ends; recurring use of "furies", or hybrid humanoid forms; his fascination with studies of bodies in motion, and how these led to his distorted nudes, as well as works that directly related to his sexuality. It featured many notable works, including the last painting Bacon worked on before his death. A trio of bullfight paintings, displayed at the core of the exhibition in the Main Galleries' Central Hall, were exhibited together for the first time. The Royal Academy expresses its heartfelt thanks to the generosity of all the lenders to the exhibition, who without exception renewed their support of the exhibition despite the revised dates. The exhibition, which drew rave reviews, was generously supported by Christies, and was visited by a total of 146,694 people.

After two years in winter, the *Summer Exhibition 2022* (21 June 2022 – 21 August 2022) finally returned to its usual summer schedule. Highly topical for our times, the theme chosen by exhibition coordinator, Alison Wilding RA, was "Climate". A broad and all-encompassing subject, the exhibition included more than 1,400 works across a variety of disciplines. All submissions approached the theme with creativity and, whether presented as crisis or opportunity, nightmare, or memory, or simply as our everyday experience of the weather, the exhibition demonstrated the extensive impact of the climate and its implications as a defining issue in our modern age. Rebecca Salter PRA chaired a selection committee comprising Royal Academicians Stephen Chambers RA, David Mach RA, Farshid Moussavi RA, Grayson Perry RA, Conrad Shawcross RA, and Bill Woodrow RA. Rana Begum RA and Níall McLaughlin RA also curated a selection of architecture works across two galleries. Once again, the Summer Exhibition was kindly supported by Insight Investment and was visited by a total of 139,230 people.

The Jillian and Arthur M. Sackler Wing of Galleries

Around 90 photographs made up the exhibition *Light Lines: The Architectural Photographs of Hélène Binet* (23 October 2021 – 23 January 2022) Supported by Pictet, the exhibition explored the various historic and contemporary buildings Binet has photographed during her career and, in doing so, demonstrated her ability to capture the light, space and form that unites architecture, be it 1970s Brutalism or an 18th century city church. Considered "the architect's photographer" by many, the exhibition foregrounded her close collaborations with Zaha Hadid RA, Daniel Libeskind Hon RA, and Peter Zumthor Hon RA, who among others turned to Binet to interpret their work. Also included were Binet's photographs of Le Corbusier's *La Tourette* monastery in France and the *Jantar Mantar Observatory* in India, as well as a set of *Five Churches* in Cologne by Gottfried Böhm, commissioned to celebrate the architect's centenary, and an iconic yet rarely seen private house, *Can Lis*, by Jørn Utzon. An intimate show, the exhibition was visited by a total of 19,151 people.

Originally scheduled for 2020 but postponed due to the pandemic, *Whistler's Woman in White: Joanna Hiffernan* (26 February 2022 – 22 May 2022) was organised in collaboration with the National Gallery of Art, Washington. Described as one of the *"most mesmerising figures in modern art history"* (The Telegraph), Joanna Hiffernan was both a muse and confidante to the artist James McNeill Whistler. The exhibition sought to uncover the role Hiffernan played in the artist's life and work and discover how Whistler's revolutionary paintings featuring Hiffernan went on to influence other artists and artistic movements. Supported by the TERRA Foundation for American Art, the exhibition was visited by a total of 46,091 people.

The Gabrielle Jungels-Winkler Galleries

Despite being one of Britain's best-known artists, a graduate of the RA Schools and a regular exhibitor at the Summer Exhibition, *Late Constable* (30 October 2021 – 13 February 2022) was the first major retrospective of John Constable's work to be held at the Academy. Spanning from 1825 until the artist's unexpected death in 1837, the exhibition explored Constable's late and increasingly expressive style, bringing together majestic oil paintings and plein air sketches of the British countryside, from Hampstead Heath and Stonehenge to Brighton seafront, as well as studies of weather phenomena capturing ethereal cloud formations, dramatic storms, dappled sunlight, and rainbows. Described by The Times as a *"triumphant showcase"*, the exhibition was visited by a total of 60,607 people.

Kyōsai: The Israel Goldman Collection (19 March 2022 – 19 June 2022) was the first UK exhibition in almost thirty years to explore the work of Japanese painter Kawanabe Kyōsai. Known for his independent spirit but often overlooked in favour of his earlier counterparts, Kyōsai is celebrated for his ability to bridge popular culture and traditional art. Bringing together highly finished paintings, woodcut prints and illustrated books, this exhibition sought to uncover both the environment in which Kyōsai's works were created as well as the great political, social, and cultural changes taking place in Japan at the end of the nineteenth century. Kindly supported by Kajima, the exhibition was visited by a total of 42,037 people.

The first comprehensive exhibition of Milton Avery's work in Europe, *Milton Avery: American Colourist* (15 July 2022 – 16 October 2022) brought together a careful selection of the artist's most celebrated works. Totalling around 70 paintings, all dating from the 1930s-1960s, the exhibition sought to demonstrate the extent to which Avery perfected his unique ability to balance colour and form in increasingly abstracted compositions. In doing so, the exhibition also made clear the influential role Avery played in the unfolding and developing of Abstract Expressionism. The growing interest in Avery's work and attempt amongst art historians to re-evaluate the artist's achievements made this exhibition particularly timely. The exhibition was organised in collaboration with The Modern Art Museum of Fort Worth and the Wadsworth Atheneum Museum of Art. Owing to the pandemic, the exhibition was presented at the Academy at the end rather than at the start of the tour. We are deeply indebted to all the lenders to the exhibition for agreeing the extension of the loans. The exhibition was kindly supported by the Milton and Sally Avery Arts Foundation, TERRA Foundation for American Art, Cockayne: The London Community Foundation, Victoria Miro, and Brook Barzun. A total of 57,646 people visited the exhibition.

Architecture programme

To coincide with *Light Lines: The Architectural Photographs of Hélène Binet* on show in the Jillian and Arthur M. Sackler Wing of Galleries, RA curator and Head of Architecture Vicky Richardson was joined by Hélène Binet in a conversation celebrating

the relationship between music and architecture (*Hélène Binet in conversation: Architecture and music*, Thursday 4 November 2021). Hosted as a live event at St George's Bloomsbury, the event explored how connections between music and architecture can change our understanding of space. A short recital by cellist Cecilia Bignall followed by a small drinks reception was also included as part of the event.

In March 2022, *John Hejduk: London Masque* (22 March 2022 – 10 July 2023), opened in the Ronald and Rita McAulay Gallery. The first, free installation in the RA's new dedicated space for architecture, the large-scale installation presented Hejduk's design for the *Widow's House,* one of the 68 "objects" in his seminal artwork *Lancaster / Hanover Masque.* As popular royal entertainments of the 16th and 17th centuries, the masque was used by Hejduk as a way to transform the way architecture is taught and imagined. *John Hejduk: London Masque* seeks to embody this philosophy and celebrate Hejduk's belief that architecture has the power to make alternative worlds. The installation was developed in collaboration with students from the Royal College of Art MA Interior Design programme and, during the display, a series of presentations by students and young people will explore Hejduk's *Lancaster / Hanover Masque* and the resulting models, with the theme "Building Worlds" shown alongside the *Widow's House.* The installation has been kindly supported by CDUK.

In June 2022, the RA partnered once again with the London Festival of Architecture for the RA Architecture Symposium (Tuesday 7 June 2022). Hosted in the Benjamin West Lecture Theatre at the RA, presentations from spatial practitioners explored topics such as activism, the agency of architects, theatricality, and narrative in architecture. Lina Ghotmeh, founder and principal of Lina Ghotmeh Architects delivered a lunchtime keynote which explored her humanist approach to architecture and the guiding principle of an "archaeology of the future". This was followed by a debate, with a panel discussion inspired by the question, *"can architects make a difference?"*.

Celebrating its 31st year, the Annual Architecture Lecture (Monday 18 July 2022) was delivered by Bruther founders, Stéphanie Bru and Alexandre Theriot. The lecture explored Bruther's commitment to flexible, public buildings and the principles that drive their influential practice. The event was supported by CDUK and, through a media partnership with Dezeen, the lecture was able to be live streamed for those unable to attend in person.

2. Audience and Experience

The Audience and Experience teams continue to support the RA mission by three means: *Reach*: developing and growing a broad, diverse, and loyal audience for the RA and its work on site, online, and in wider cultural debate, with particular focus on B2C relationships; *Revenue*: maximising the financial return of the RA offer to support its work and its future, in line with a longstanding tradition of financial independence and self-sustainability; and *Reputation:* creating and delivering a consistently excellent experience - welcoming, engaging and distinctively RA in character - across every visitor touchpoint and interaction.

Having reopened in May 2021 following closures due to the pandemic and an unprecedented period of uncertainty, the focus for the Sales, Marketing and Loyalty teams this year was to build back visitor confidence across all our audiences: driving return visits to the RA, encouraging existing members of The Friends of the Royal Academy membership scheme to renew and new visitors to join, by means of joined-up loyalty, commercial, and campaign marketing. The figures achieved for the financial year have exceeded plan, with admission income from exhibitions, the donation received from The Friends of the Royal Academy and income from commercial activities all reflecting audience recovery post-pandemic and the RA's ability to maximise the return from this demand.

At the heart of our mandate is our commitment to welcoming visitors to the RA itself. The professionalism and service provided by Front of House teams for visitors returning to socially distanced environments, and the quality of the guidance provided, has helped rebuild audience confidence and loyalty. Upon reopening, a new feedback email was introduced and sent to all visitors following their visit, providing valuable insight as well as a rapid, convenient means of direct communication. The quality of the visitor experience continues to improve, including the launch of José Pizarro Restaurant and Poster Bar by José in 6 Burlington Gardens.

Alongside the retention of previous audiences, a key focus for this year was setting the groundwork for future growth and long-term audience development and diversification. Analysis and research of market demand resulted in recommendations, subsequently approved, to introduce a new half-price ticket scheme for those aged 25 and under from next year.

Continued efforts to improve customer service, data operations, insight and CRM delivered a range of optimisations improving transactional efficiency for the customer and creating new opportunities for income. RA team members presented at the Tessitura annual international conference, showcasing the industry-leading developments being achieved at the RA.

A comprehensive review of digital activity and the changing expectations of audiences was undertaken, analysing RA audience behaviour and appetites for digital content and benchmarking with the wider sector and beyond. Recruitment of the expertise needed to take the RA forward is now complete and the next year will focus on developing content that meets digital audience needs and connects them to our mission.

The increasing importance of digital was reflected in our commitment to digital infrastructure, and our successful bid for just under £1m funding from Bloomberg Philanthropies' Digital Accelerator Fund. This project will continue into 2023 and has three separate strands aimed at updating the user experience and infrastructure of the main RA website; delivering a digital studio for online events; and researching the organisation's needs for digital asset management.

Digital infrastructure also supports the RA's main website and subdomains, such as the Summer Exhibition Explorer, RA Shop and Young Artists' Summer Show website, which attracted 4.3m sessions. Activity was focused on maintaining a high quality of user experience and functionality across all these platforms.

Through our trading subsidiaries, an exceptionally strong commercial performance was delivered, combining exhibition-led sales with lessons learnt in the previous financial year, and the periods of closure during which other aspects of the RA were successfully developed for sale via ecommerce. This broader approach, and continued evolution of the RA offer, was reflected in record-breaking conversion rates and spends which accelerated recovery. Reflecting wider market trends, RA customers returning to shop in person was reflected in a more subdued year for online retail. However, this channel still achieved record sales in Christmas cards by Royal Academicians and invited artists. New for this financial year, were cards and products developed with the young artists from the Young Artists' Summer Show ("YASS"), which proved hugely popular.

Throughout the year, David Hockney's *Arrival of Spring* catalogue continued to achieve very strong sales at its Brussels, Istanbul, and Chicago tour venues, in bookshops worldwide and online. A range of exhibition catalogues was also published: *Late Constable* exploring the work of a key figure in the Academy's history by a leading scholar of his work. *Light Lines* featured Hélène Binet's beautifully installed show of architectural photographs and produced in record time. *Milton Avery*, whose tour had been rescheduled due to the pandemic, was a strong performer at Fort Worth and Hartford and in the American bookshops and performed similarly well in London.

The biggest success was *Francis Bacon*, which sold 14,455 copies at the RA during its run, alongside healthy sales worldwide, with trade co-editions in French and Dutch. For *Kyōsai*, a scholarly catalogue and a smaller gift book were designed for the more modest audience. Collaborations with three Royal Academicians were also published: a volume of David Remfry RA's watercolours, a book of new work made in the Lammermuirs by Barbara Rae RA during the pandemic, and an Irish sketchbook by Norman Ackroyd RA.

3. Collections and Learning

Collections

Collections staff coordinated the delivery and presentation of the Platinum Jubilee portfolio, a gift from selected Royal Academicians including Rana Begum RA, Yinka Shonibare RA, and Wolfgang Tillmans RA, to Queen Elizabeth II, on the occasion of her Platinum Jubilee. The works will be displayed at The Queen's Gallery, Buckingham Palace in January 2023.

New acquisitions included Diploma Works from Amanda Levete RA and Jane and Louise Wilson RA. Other notable new acquisitions included gifts from Rebecca Salter PRA, Sir Christopher Le Brun PPRA, Michael Armitage RA, Kobby Adi RA Schools, Emma Stibbon RA, and all contributing artists for the *Varnishing Day* portfolio. We were also given an album of photographs of students at work in the Royal Academy Schools, dating from the early 1900s and compiled by student Kate Olver while studying here (1901-6).

Taking a lead from Sir Joshua Reynolds's Studio Experiments, the display at the front of the Collections Gallery, "Explorations in Paint", featured artworks by seven current Royal Academicians, all investigating the material qualities and expressive potential of paint. It includes Diploma Works by Basil Beattie RA, Ian McKeever RA, Fiona Rae RA, Sean Scully RA, and Terry Setch RA, together with loans from Sir Frank Bowling RA and Sir Christopher Le Brun PPRA.

Jock McFadyen RA: Tourist without a Guidebook opened in the RA Weston Rooms on 5 February 2022 and ran until 10 April 2022, attracting 20,995 visitors during its 9-week run. Originally planned to mark the artist's 70th birthday in 2020, this free exhibition focused on McFadyen's London paintings, encompassing large-scale urban vistas and recent figure paintings.

In April 2022, the RA Collections team, along with sculpture conservators and a dedicated team of art handlers, removed and packed 82 plaster casts from the RA Schools, ready for the main works of the RA Schools Project in Burlington House. The casts were deinstalled from three main locations across the RA Schools – the Life Room, the First Year Studios (formerly the Architecture Studio) and the Cast Corridor. A huge variety of casts have been stored during the RA Schools Project, ranging from small rectangular reliefs to colossal 200kg casts of Roman temple architectural features. Two architectural casts, found behind the fake walls of the Dark Room in the First Year Studios, were formerly thought to be lost, and were identified using photographs of the RA Schools from 1876.

Library, Picture Library and Archive

The Main Library and Archive re-opened to Academicians, staff, RA Schools students and external readers throughout the past Academic year. Behind the scenes tours of the library and archive for groups of patrons, corporate members and educational groups recommenced in March 2022. Between March and August 2022, we welcomed over 140 people to the library on these tours, and over 50 RA staff, offering them an insight into the rich history of the RA through first hand access to treasures from our historic book and manuscript collections.

The Picture Library Manager, Head of Library Services and Archivist have been part of the core team charged with delivering the third strand of the Bloomberg funded project, scoping an Academy-wide Digital Asset Management System, ready to be put forward for further funding.

Learning

The Learning team's flagship Teachers programme was successfully launched in this year with a suite of events for teachers and a consultancy project to evaluate local engagement and to propose and deliver new teacher resources. The fourth year of the Young Artists' Summer Show took place, with 21,000+ students submitting artworks from across the UK. Neil Jeffries RA and Vanessa Jackson RA were joined by RA Schools students and RA staff for the judging. Together, they selected 519 artworks to be exhibited online and 280 onsite in the Clore Learning Centre.

The 2022 attRAct programme continued as a virtual offer for 15-19 year olds, with young people attending the year-long series of free online workshops. In collaboration with Architecture and the RA Schools, attRAct had its first Summer School, where the students took part in an intensive week-long workshop producing work for display scheduled for October 2022.

In Spring 2022, we relaunched our Family Studio programme with a monthly offer of artmaking workshops and trialled our first cross-campus summer Family Day which explored the theme "think like an artist". The team also delivered a week of outdoor play sessions at Grosvenor Square, during June 2022 half-term, led by Assemble Play and welcoming up to 600 participants per day.

Our filmmaking project for local young people with caring responsibilities culminated in a screening for friends and family and was documented in an RA Magazine article in the Summer 2022 edition.

The regular programme of family workshops for children with SEND (Special Educational Needs and Disability) moved back onsite, and we hosted an additional project for a select group of long-standing participants, at which they produced work for the architecture display, *John Hejduk: London Masque*. Their contribution, titled "Friendship and Alchemy" was on display between July and October 2022.

Adult Learning continued the success of its online programme with livestreamed artists conversations with Yinka Shonibare RA and Ryan Gander RA Elect, and Curators talks exploring the exhibitions *Late Constable* and *Whistler's Woman in White: Joanna Hiffernan*. The programme also included an online discussion highlighting the connections between the work of artist Kawanabe Kyōsai and Manga, and a panel discussion in which artists and campaigners discussed the role of the future generation of artists in tackling the issue of global warming and climate change.

The Contemporary Art Summer School and the Painting Summer School were the most popular, sold-out courses across our successful practical courses and classes programme. Well-attended art history weekends also included Japan, the muse in art, Francis Bacon, and John Constable and the landscape art tradition. The Learning team also worked across the RA to ensure a successful proposition for the Bloomberg digital studio project building on the success of the Saturday Sketch Club in 2021 which had 22,000 participants, across 54 different countries.

After the disruptions in international travel, the Executive Master in Cultural Leadership's year was dedicated to working on delivery backlog both in Maastricht (March and September 2022) and in London (October 2021 and July 2022), to enable international students to catch up with their peers. In total six full modules were delivered, which drew excellent feedback on

the curated mix of academic and high-profile professional speakers. International appetite for the programme was confirmed in March 2022 when the fourth EMCL cohort started with students drawn from eight countries.

The teams across Collections and Learning continued to contribute widely to scholarly publications, university lectures, TV and radio interviews and writing for our own RA magazine and online content.

4. RA Schools

RA Schools Show

The RA Schools 2022 Graduation Show was installed across The Weston Studio, Life Drawing Room, RA Schools studios and the RA Schools sculpture workshop. Built in 1868 the RA Schools studios in Burlington House are on the brink of restoration and renewal. Aware that they were the last students to show in the studio prior to the building project, much of the work presented by the graduating students at the RA Schools Show 2022 acknowledged and actively engaged with the RA Schools' architecture and history.

Graduation

15 students graduated this year - 14 of whom had completed four years at the RA Schools, including the pandemic catch-up year. Divine Southgate-Smith elected to join the graduating students from the second year, and made this year their final one, therefore completing the programme in three years. The graduation ceremony took place, in the presence of the whole RA Schools for the first time, alongside family, friends and staff in the Benjamin West Lecture Theatre.

Programme

We were finally able to welcome the Class of 2024 - all of whom have been waiting an extra year to take up their place at the RA Schools as their arrival had been postponed by lockdown and the catch-up year.

The academic programme for the year included lectures from Frank B Wildenstien III, Farshid Moussavi RA, and Dawn Ades, RA Professor of the History of Art; artist talks included Rabz Lansiquot, of Languid Hands, Yinka Shonibare RA, and Dean Kenning, as well as colour theory workshops given by Emyr Williams.

Year-group crits were led by the Senior Lecturers and guests including Simeon Barclay, Milika Muritu, Sebastian Jefford, Clémentine Bedos, Phoebe Unwin, Christ Fite-Wassilak and Philip Lai.

Tutorials were given by Federico Campagna, Andreas Reiter Raabe, Mike Nelson RA, Damien Roach, Harold Offeh, Alison Wilding RA, Emma Hart, and Jennifer Martin amongst others. Our Professors Lubaina Himid RA, Alison Wilding RA, Fiona Banner RA Elect, Mike Nelson RA, and Chantal Joffe RA also gave tutorials.

Admissions

From 711 applications, we shortlisted 49 for interview and selected 10 students, all of whom accepted their places. Despite the constraints we are under given our lack of access to International Student Visas, we have managed to recruit an international group which includes artists from Nigeria, Pakistan, The Netherlands, Brazil and also individuals with Anglo-French and Nepalese heritage.

We have appointed Unyimeabasi Udoh to be the Starr Fellow 2022-2023, they have joined us from Chicago. The Starr Fellowship is a year-long residency at the RA Schools for an American artist supported by the Starr Foundation.

Student Support Fund and bursaries

We have had a greater number of applications to the Student Support Fund this year, which have only been manageable due to the support given by Dunard and from the RA Schools Auction funds.

Workshops

The new RA Schools workshops in Burlington Gardens have been in full use since opening earlier in 2022. The new spaces allow for more flexible and versatile working methods and have been made possible by funds raised at the RA Schools Annual Dinner and Auction. The location of the workshops has activated the previously passive space and somewhat under-used Lovelace Courtyard, transforming it into a new focal point where staff and students across the campus are encouraged to meet, interact, work, and socialise.

People

Professors – We thank Farshid Moussavi RA who has come to the end of her term as Professor of Architecture and will be replaced by Prof Peter St John (Adam Caruso and Peter St John RA).

Critical Practice Fellow - We thank Nina Trivedi for her contribution as Critical Fellow to the RA Schools 2021-2022.

Weston Studio programme

We mounted five shows in the Weston Studio over the year, three smaller group shows by Year Two students - *Premiums*; the emphasis of this series is one of experimentation, a testing ground which provides a critical and pedagogic point, midway through the programme. This is also an opportunity for visitors to encounter a living art school at work in the Academy. *Premiums* shows were followed by the *RA Schools Show* in June 2022.

The new Weston Studio programme opened the opportunity for our Starr Fellow, U.S. artist Kevin Gallagher, to show his work. His show *Beacon* ran through December 2021.

Open Studios

We held our vibrant annual Open Studios event for Patrons and other supporters on 25 November 2021. Students put together a show-reel of films which was presented in the Life Room, and a live performance rehearsal by Catinca Malaimare in The Keeper's Room. The evening came to a climactic close with Daria Blum's live performance bringing together live looped music, video, vocals, and dance.

Collaborations, residencies and prizes

Chris Heun Sin Kan undertook the K11 Art Foundation residency at the RA Schools over July and August 2022.

The Richard Ford Award, which funds six artists from different art schools to travel to Madrid and draw in the Prado, awarded the opportunity to Clark Keatley (2022). He will be travelling to Madrid over the Summer 2022.

Phone box commission

As part of the Burlington Gardens Public Realm Scheme, we were approached by the project leader, Cynthia Grant, who proposed a commission project to further enhance Burlington Gardens. The project aimed to resolve the use and appearance of the three phone boxes outside the east entrance to Burlington Gardens, the future entrance to the RA Schools. The winning proposal was by second year student Max Boyla whose work "SOS" was installed and launched in November 2021.

Turner's House residency 2021

In August 2021, Anna Patterson (2016) exhibited work at Turner's House, Sandycombe Lodge, in Twickenham at the culmination of her residency there. The selection process for a graduate of the RA is facilitated by the RA Schools annually. The graduate receives a stipend, has access to the house and contributes to the Turner's House Learning Programme.

St James, Piccadilly, Cop 26 commission

We were approached by the Rev. Lucy Winkett, Chaplain to the Royal Academy, to identify an artist to fulfil a commission for St James's Piccadilly, to be installed at the time of Cop 26. The Keeper, Cathie Pilkington RA, and Eranda Professor of Drawing Alison Wilding RA, Rev. Lucy Winkett and another representative of St. James's selected artist graduate, Esmerelda Valencia Lindstrom, whose work was exhibited in the church.

5. Development

We were delighted to receive outstanding support across the RA this year, which began strongly with a very successful event hosted by the Royal Academy Trustees Dame Carolyn McCall and Varun Chandra. Following the event, Viking River Cruises joined as the RA's first Collection Supporter since 2018.

Regarding the exhibitions programme, we were pleased to welcome the sponsorship of Christies for *Francis Bacon: Man and Beast* in January 2022. This was their second exhibition sponsorship since *Radical Geometry* in 2014. The following month, we opened *Whistler's Woman in White: Joanna Hiffernan*, for which we were grateful to Terra Foundation for their support of this and their ongoing support of exhibitions at the RA. Further ahead in the programme, we look forward to *Making Modernism* this autumn and *Impressionists on Paper* in 2023. We have received confirmation of a generous grant of £200k from the Huo Family Foundation that will go towards both these exhibitions. For the Exhibitions and Collections departments, we are also excited to introduce two 2-year Curatorial through our partnership with the Genesis Foundation.

In the summer and for the sixteenth year running, Insight Investment enjoyed sponsorship of the *Summer Exhibition*. We are hugely grateful for their continued support. At the same time, we welcomed Burberry as supporters of the *Summer Exhibition* Preview Party in both Autumn 2021 and Summer 2022. Alongside the *Summer Exhibition 2022*, Chris Huen Sin Kan became the fifth artist-in-residence to have a showcase at the RA in an ongoing partnership between the RA and the K11 Art Foundation.

This year we have received much support towards our aim of deepened digital engagement. Bloomberg Philanthropies has given a just under £1m grant as part of their Digital Accelerator Programme. This will greatly refresh and enhance our current digital infrastructure.

Across 2021 and 2022, the Natalia Cola Foundation has supported online artists talks, and this support will continue into 2023 as we embark on a hybrid programme of events in the Benjamin West Lecture Theatre.

We were sorry to learn of the passing of Robin Hambro in June 2022. Robin was the driving force behind the founding of the Young Artists Summer Show in 2018. Her continued support made the Young Artists Summer Show possible in its fourth year with the project successfully established in the RA's annual calendar.

We were pleased to see the return of in-person events to the Patrons programme. Some of the highlights included international trips to La Biennale di Venezia and the Morosov Collection at Foundation Louis Vuitton.

Lastly, we were deeply grateful for the support of many individuals who generously left the RA legacy donations, which amounted to £214k for the year.

6. Corporate Services

The Corporate Services pillar combines the management of Estates, IT, HR, Legal and Governance.

People

The Royal Academy employs a wide range of people with differing skill sets from curators, art handlers and fundraisers through to access officers, event managers and accountants. Our colleagues are dedicated and highly talented people who are committed to delivering the highest standards to our visitors. As at 31 August 2022, the RA employed 312 staff to support the organisation in delivering its mission. Headcount grew by 5% in the year as the RA re-established its programme following long periods of closure due to the pandemic, but its staffing level remains 16% below the pre-pandemic level, reflecting a continued attention to cost control across the organisation.

Our 2021/22 People Plan set out to build resilience across the organisational structure and improve the operational effectiveness of the HR function to ensure we have solid foundations on which to develop our longer-term strategic ambition for people at the RA.

The RA is committed to ensuring equity, diversity, and inclusion across all we do. We operate under the core assumption that a Royal Academy which encourages different ways of thinking, different approaches to problem solving, and different ways of working together will inevitably deliver stronger results than a more homogenous alternative.

Our annual report on the Gender Pay Gap (issued in June 2022) once again demonstrated our continued commitment to pay equity across gender. The report highlighted that on 5 April 2021 (the government's "snapshot date" for capturing the gender pay data of businesses and charities), 60% of the RA's 302 employees were female. This distribution of gender is largely maintained across pay quartiles and does not skew towards men as you move up the quartiles.

We continue to recognise that gender diversity is a key strength and needs to start from the top. In April 2021, our Senior Leadership Team comprised 63% women, an increase of 6% on the 2020 data. Our 2021 submission demonstrates a three-percentage point decrease in the RA's mean hourly pay gap from 7% in 2020 to 4% in 2021 and our median hourly pay gap remains very slightly positively skewed towards women. We promote a culture of gender equality, including encouraging both flexible and agile working, and providing parents with a generous maternity and shared parental leave package.

We have continued the work on race equity and inclusion that we launched last year, focusing on education and awareness for our teams, access to and progression of careers at the RA, diversity, and inclusion within our exhibition programme and for our visitor experience, and we launched the RA's first ever employee network group promoting the interests of the RA's LGBTQ+ communities.

Finally, the RA continues to maintain its commitment as a Living Wage Employer, offering the London Living Wage for eligible staff and ensuring that third-party organisations operating at the RA, pay staff on site the London Living Wage as a minimum.

The new RA Staff Council (with elected staff representatives) met six times in the year to discuss a range of topics from pay equity, to agile working, our approach to equity and diversity and inclusion and our work on sustainability. After the first full year we are confident that the aims of this group (to provide a forum for open communication with management, encourage debate and offer new suggestions for working practices) are being delivered.

Estates and Facilities

The pandemic had a significant impact on the management of the estate given restricted access to the site over prolonged periods for core maintenance and compliance reviews. The Estates Plan for this year set out to bring the RA's estate back to pre-pandemic levels of maintenance and compliance and ensure best practice was applied across our wider estates management programme. Key performance indicators for compliance and planned preventative maintenance were brought back up to expected levels over the financial year and all policies have been updated. In addition, best practices were reinforced across the RA's approach to Health and Safety; the Health and Safety Committee was re-instated; and all items in the Fire Risk Assessment have either been completed or included in our capital expenditure programme.

Capital projects: RA Schools Project

The RA Schools Project has progressed significantly during the year. In early 2022, the student workshops in Burlington Gardens were completed on programme and on budget. A Planning Application and Listed Building Consent for Burlington House works was submitted in Winter 2021 and the RA entered a Pre-Construction Services Agreement in 2022 ahead of the Burlington House main works with the same contractor who completed the works in Burlington Gardens (Knight Harwood). We have also advanced our logistical and operational preparations for the main phase of work. The Collection of plaster casts and sculpture based at the RA Schools was moved to off-site storage over Easter 2022 and will remain there until construction is complete. We have designed and tendered temporary studios for the students, to be built on site in the Jillian and Arthur M. Sackler Wing of Galleries and the space formerly occupied by Pace Gallery on the ground floor of 6 Burlington Gardens, and to be occupied during construction. The main works in Burlington House are due to start in late 2022.

Environmental sustainability

The RA has taken several steps to minimise energy consumption and carbon emissions. The organisation is powered by 100% renewable energy sources. The RA's exhibitions are increasingly being designed with an eye on sustainability. We have moved from paper-based to digital document management. We are committed to reducing our carbon footprint when it comes to the design and build for exhibitions by engaging with 3D and 2D designers in discussions about the use of more sustainable materials, such us recyclable papers and eco-friendly inks for our interpretation materials and recyclable products for our free standing walls and display cases. We have also been consistently reusing free standing walls, plinths, and display cases for our exhibitions. We consolidate shipments and reduce the number of overseas loans as much as possible to reduce our carbon footprint. We request the use of existing crates and turtlebox crates in all our transport tenders to reduce wastage. We reuse packing materials, such as polythene wrap and use more sustainable materials where possible.

The RA is committed to reducing the environmental impact of its activities and the organisation intends to renew its efforts in this area in the next financial year. In line with Streamlined Energy and Carbon Reporting (SECR) requirements, the RA reported its total emissions for the year as 1,475.73 tCO2e (2021: 1,720.48 tCO2e). The largest proportion of the RA's Greenhouse Gas (GHG) emissions was accounted for by the electricity consumed in internal areas within its commercial and academic buildings, which represents 53.89% (2021: 51.91%) of total emissions, equating to 795.72 tCO2e (2021: 891.45 tCO2e). This data demonstrates a 14% reduction in carbon emissions across the estate and is largely accounted for due to LED Lighting upgrades throughout the buildings; a reduced exhibition programme; and two Summer Exhibitions scheduled in year.

7. Finance

As reported last year, back in February 2020 the RA undertook a financial sustainability review. This was informed by actual financial performance in 2018/19, the first full financial year in which the RA had operated its newly expanded campus. The review highlighted that the organisation needed significant changes even before the onset of the Covid-19 pandemic, including year-on-year cost savings, to ensure a robust and financially sustainable operating model.

With the impact of the pandemic, the financial situation of the RA deteriorated further. This was despite government support in the form of the Coronavirus Job Retention Scheme and generous donations to the RA's Coronavirus Emergency Support Fund. The RA has undertaken stringent cost-cutting measures, including an organisational restructure and the deferral of all non-critical capital expenditure projects that has helped mitigate the impact over the last two and a half years.

As described in more detail in the Financial Review section below, the RA is reporting a very positive set of financial results for this year. However, considerable financial challenges remain.

The RA has benefited this year from the exceptional situation of having two *Summer Exhibitions* (with the *Summer Exhibition 2021* being deferred to Autumn 2021 due to the pandemic) accounting for significant additional contribution over and above a "normal year". The RA has also operated with a lower cost base following the restructuring with less activity this year and has not had the full impact of operating cost inflation and salary increases, including the rise in energy costs, as fixed tariff contracts were in place until the end of September 2022. The impact of cost inflation and salary increases will have a material impact on our cost base for the next financial year and over the medium term. However, the positive financial performance this year means that we are in a far better funding position than we had planned, with healthy unrestricted operating cash reserves of £6.4m. We are also not utilising our Revolving Credit Facilities which are committed to 31 August 2025, which do however reduce to £5.0m during 2023. This will provide a welcome financial buffer over the next couple of financial years, which are likely to be challenging.

Our operating budget for the next financial year reflects the very difficult financial position the RA now finds itself in. The RA faces the challenge of growing back audiences, which are still much lower than before the pandemic, with the prospective impact of the "cost of living crisis" providing a further headwind to increasing visitor numbers. This is against a backdrop of increasing costs, with a substantial increase in energy tariffs forecast from the end of September 2022 (when our three year fixed tariff agreements expired); salary increases from September 2022 (following an extended period of freezing RA wide annual salary increases); broader inflation; and a small increase in activity and staff numbers. We are budgeting a significant headline loss for the next financial year even with the support of a £2.0m donation from the Royal Academy Trust (pledged back in November 2022) for emergency support for the pandemic.

Based on current projections, compared to pre-pandemic levels, the RA is faced with a material reduction in income from exhibition admission and other on-site sources of income for at least the next two to three years, together with a smaller annual donation from The Friends of the Royal Academy, such that there is an expectation that it will take even longer to return to pre-Covid-19 levels of income and achieve the sustainable annual net income from ongoing activities target of £5.0m (before interest, depreciation, and amortisation).

IMPACT AND PUBLIC BENEFIT

As a "Home for art, artists and architects" the Royal Academy has as its founding mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." This mission holds true until today and going forward the RA is committed to continuing to deliver on this mission.

As an independent institution, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing the financial sustainability required to ensure its future. The RA faced unprecedented challenges in terms of the operational and financial impact of the pandemic and the organisation was forced to reassess its priorities and reinforce its focus on the core principles and activities which have guided the RA since its inception. This Vision 2021-25 was designed to guide the RA during the pandemic and its immediate aftermath. It is to be superseded by a new strategy that will be approved later in 2022.

The Core RA based on the Vision 2021-25

The core constituent parts of the RA are the Membership of the Royal Academicians, the RA Schools, the exhibitions programme (including the *Summer Exhibition*), the Collection, and learning. The respective strength and unique quality of each of these aspects, and their combination under one roof give the RA a unique character that is not shared by any other institution in the world.

The Membership

The RA was founded by a group of pre-eminent artists and architects. To this day the Academy is led by its Membership, a group of nationally and internationally renowned artists and architects, elected by their peers and appointed for life. They are involved in leading the RA through its topmost governing body, the Council, as well as the General Assembly and its committees. They are the lifeblood of the Academy.

The RA Schools

The original impetus for setting up the Royal Academy of Arts was to professionalise the training of young artists in an art school much like had been happening elsewhere in Europe. Today it is a three-year post-graduate programme for 15 students per year. The RA Schools, led by the Keeper and the Curator and Director of the RA Schools, is considered as one of the leading art schools in the UK and attracts a wide range of European students.

During Summer 2021, the RA Schools embarked upon the first phase of works for a significant restoration and renewal of the RA Schools. The expected cost of the project has increased significantly during the past year, primarily due to inflation, such

that the total project budget of £22.0m approved by Council in November 2022 was £4.2m higher than the £17.8m budget approved by Council in April 2021. The work has been split into two phases – the first created new workshop spaces in 6 Burlington Gardens, which came into use early in 2022, and the second more significant phase will refurbish the Burlington House side of the RA Schools from late 2022 to early 2024.

The exhibitions programme
When the RA was founded, its members established annual exhibitions with a two-fold aim: for the Royal Academicians to display and sell their works and to generate income to finance the RA Schools. This tradition continues with the annual *Summer Exhibition* that has been held without interruption since the RA's inception.

Besides the annual *Summer Exhibition*, the RA now runs a wide-ranging, ambitious, and much respected programme of international loan exhibitions on art and architecture. Of these, three are held in the Main Galleries, one of the grandest temporary exhibition spaces in the UK, if not in the world. The other gallery spaces are The Jillian and Arthur M. Sackler Wing of Galleries and the Gabrielle Jungels-Winkler Galleries.

The Collection
The RA's unique and wide-ranging Collection was started as a teaching collection for the RA Schools. From the beginning the Academy also required every Academician to donate a "diploma work" to the Collection. Over time the Collection has grown into a visual record of the RA's membership and history. Valuable works in the Collection range from Michelangelo's *Taddei Tondo*, John Constable's *Leaping Horse* and George Stubbs's anatomical drawings and studies of the horse, to diploma works by living artists such as Lubaina Himid RA and Tracey Emin RA. The Collection also contains historic copies after Leonardo's *Last Supper* and Raphael's cartoons for the Sistine Chapel. There is a considerable collection of plaster casts after famous works of art, a sizeable collection of works on paper, photographs, an increasing amount of film, and then silver, furniture, coins, medals, and artists' materials. Our Collection includes an important historic Archive of artists' papers and other records, and a Library collection of rare books. The Library and Archive are well-documented with much available digitally. The Collection is on free public display in the designated Collection Gallery, the Julia and Hans Rausing Gallery, in various parts of the building as part of the ceilings and walls, and in the Fine Rooms which are open selectively at the moment. Access for scholars and researchers is provided several days per week for our Library, Archive and Prints and Drawings Collections, as well as a busy information service by email and a Picture Library service by request.

Learning
In the Academy's founding mission, the Royal Academicians stated that the RA was to "educate the public in creation, enjoyment and understanding of the arts" and learning, by definition, is at the core of any academy. Our learning programmes range from the engagement of teachers and the provision of Collection-based resources for formal learning to families and communities and informal and intergenerational learning with some access-specific programmes. We have a thriving onsite and online public programme offering a range of artists, architects and curators in conversation and there is a termly courses provision offering paid-for practical and art history classes connecting to our Collection and our exhibitions. The Executive Masters in Cultural Leadership is entering a fifth year in partnership with the University of Maastricht, foregrounding the Academy's particular role in leading an independent, artist-led arts charity.

IMPACT MEASURES
Like many charities, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing financial sustainability to ensure its continued relevance. The RA's Medium Term Plan explicitly articulates the goal to achieve an average net income of at least £5.0m p.a. from ongoing activities (before interest, depreciation, and amortisation) to fund the ongoing maintenance of our 2.5 acre campus and the required investment in technology; periodic plant upgrades and gallery refurbishment programmes; to repay its borrowings and to service its financing costs; and to maintain a level of free reserves, as outlined in the reserves policy on page 22. This financial sustainability target has been severely challenged by the impact of pandemic, which is considered further in the Strategic Report below, and given the current macro-economic situation, as considered further on page 24 in "Principal risks and uncertainties and risk management" will continue to be challenged over the coming financial year and beyond.

Alongside the financial goal to achieve sustainability the RA has identified a set of mission related goals.

The RA tracks and monitors a variety of impact measures (as distinguished from Key Performance Indicators, which are considered separately in the Strategic Report below). These measures include those pertaining to the RA's activities across exhibitions, RA Schools, Library and Collections, and education; where possible, we aim to measure the delivery of our mission and impact goals numerically, as well as qualitatively and anecdotally.

The current measures will evolve as the organisation better understands which measures are most reliable and informative, and as it introduces new means of tracking and assessing the impact it has but will now also have to be further considered in light of what is possible for the organisation given the financial constraints due to the effect of the pandemic.

The exhibition programme provides a mix of subject matter and content for a range of public tastes and is complemented by a programme of activities such as lectures, and workshops aimed at providing opportunities for the public to engage with the subject matter and the institution. The RA's exhibition and public programme continue to measure success and impact both in terms of the overall attendance or reach activities achieve as well as the degree to which the RA is able to welcome new audiences who might otherwise face barriers to attending. The Royal Academy's pricing policy includes opportunities for those on lower incomes to visit the Royal Academy and participate in its programmes by taking advantage of reduced ticket prices and free activities.

Various closures to the public during the pandemic have presented significant challenges to the RA in delivering its public benefit. However, throughout this period the RA increased its focus on digital programming to keep audiences engaged and support its mission despite closure.

In implementing the stated objectives through the strategies described, the trustees confirm that they comply with their duty to have regard to the Charity Commission guidance on public benefit.

STRATEGIC REPORT

Business review

The "Strategic review" section above sets out the RA's activities in this area over the past year or so, as well as its vision for 2021-25. A review of the Royal Academy's activities, achievements, and impact has been included in the "Activities, achievements and impact" section, also above. The "Future plans" section of this report, which follows, sets out in further detail our strategy for the next five years.

Sustainability review

As noted in the review of activities above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. This review highlighted significant organisational changes were needed, including the delivery of year-on-year cost savings, to ensure a robust and financially sustainable operating model. This review also identified a series of key financial metrics providing a benchmark towards achieving financial sustainability. During the Covid-19 global pandemic and the recovery period we are now in, these metrics cannot reasonably be measured or delivered against in the short term but will provide a useful framework as the RA establishes its post Covid-19 "new normal". Several of these key financial metrics are included in the key performance indicators below.

Key performance indicators

The following key performance indicators ("KPIs") have been identified as key measures of our progress against our strategic objectives. Targets for overall audience figures and KPIs with direct financial impact (e.g., Friends membership numbers) are embedded into our Medium Term Plan, which is updated annually and reflect the financial sustainability metrics referenced above and in 8. "Financial sustainability" below. Targets for more qualitative measures (e.g., visitor experience, audience diversity) continue to be refined on an ongoing basis.

1. **Exhibitions**
   - Number of exhibition and wider campus visitors
   - Critical reception of exhibitions
   - Number of exhibitions realised

2. **Audience and Experience**
   - Secondary spend per visitor (retail and catering spend) and trade/wholesale/licensing income
   - Visitor experience (rating of exhibition and of overall visit)
   - Engagement and number of digital visitors (unique visitors, website sessions, social media following)

3. **Collections and Learning**
   - Impact and reach of learning and public programme (online and onsite)
   - Audience for Collections (physical displays, website visits, appointments)
   - Range and type of new Collection acquisitions and successful care and management of all Collections

4. **RA Schools**
   - Number of RA Schools applications (per place and from outside London/UK/Europe)

5. **Development**
   - Fundraising ROI, amounts raised

6. **People**
   - Academician engagement (board and committee attendance, number of new nominations)
   - Staff engagement (engagement survey, appraisal completion, staff turnover)

7. **Estates – major projects**
   - Completion of Burlington Project - the RA Schools restoration and renewal project on programme and budget

8. **Financial sustainability**
   - Target to achieve sustainable net income from ongoing activities (before interest, depreciation, and amortisation) of at least £5.0m per annum
   - In supporting this £5.0m target, overall net contribution metrics for exhibitions (including admission and sponsorship income and exhibition costs); membership schemes (Patrons, Corporate, Academicians' Room) (including lets and events); annual donation from The Friends of the Royal Academy; and the net contribution from retail, publishing, and broader commercial trading activities
   - Staff costs as a percentage of income and as percentage of total staff and operating costs

9. **Environmental sustainability**
   - Energy consumption and Green House Gas (GHG) emissions

10. **Equity, diversity, and inclusion**
    - Diversity profile within each stakeholder group (audience, staff, Academicians, students, trustees, artists, speakers)

FINANCIAL REVIEW

Financial result for the year

The results for the current year show net income of £5.1m (2021: net expenditure of £1.8m) for core activities, being those ongoing activities directly associated with delivering the charitable objectives, and net income of £5.0m (2021: £7.9m) for the Burlington Project, being the refurbishment and redevelopment of the Royal Academy's buildings and estate. Net income of £5.1m (2021: net expenditure of £1.8m) for core activities includes £0.4m (2021: £0.5m) of interest payable; £0.0m (2021: £0.0m) of interest receivable; and £0.1m of investment losses (2021: £0.1m of investment gains). There was net income of £5.6m (2021: net expenditure £1.5m) excluding net interest payable and investment losses/gains.

Total net movement in funds, includes the recognition of the actuarial loss on the pension scheme totalling £2.4m (2021: gain of £1.9m), and a tax credit of £0.4m (2021: £0.1m) in respect of Museum and Galleries Tax Relief, resulting in a surplus of £8.0m (2021: £8.1m).

The ongoing activities surplus, excluding net interest payable and investment gains was £5.6m (2021: deficit £1.5m). These results are significantly up on those of the previous year, with an increase of £7.1m. Both years have benefited from income from donations to the Coronavirus Emergency Support Fund ("CESF") of £0.2m (2021: £0.8m), as well as legacy income designated to the CESF of £0.2m (2021: £0.8m); and grant income of £0.1m (2021: £2.5m) from the Government's Coronavirus Job Retention Scheme ("CJRS"). Excluding the impact of these items, the surplus would have been £5.1m (2021: deficit of £5.7m £4.0m); an increase in surplus of £10.8m. However, the prior year expenditure did also include the cost of the restructuring, in response to the pandemic, of £2.2m (£2.0m net of a recharge made to The Friends of the Royal Academy).

This year's results benefited significantly from the exceptional situation of having two *Summer Exhibitions* in one financial year, with the *Summer Exhibition 2021* being deferred to Autumn 2021 due to the pandemic. Despite, the emergence of the Omicron variant and the government measures put in place to combat this, which reduced visitor numbers towards the end of the exhibition's run in late 2021 and early 2022, the exhibition still generated a significant contribution, including from the commission earned from arts sales. The *Summer Exhibition 2022* back in its normal summer slot performed extremely well, being the first Main Gallery exhibition to see visitor numbers at a level similar to those experienced before the pandemic and doing equally as well as *Summer Exhibition 2021* in arts sales commission. The other Main Gallery exhibition *Francis Bacon: Man and Beast,* which ran from late January 2022 to mid-April 2022, also performed well ahead of plan although visitor numbers were around 25% lower than we might have expected before the pandemic. Following the restructuring in 2021, the Royal Academy continued to operate with a lower cost base and whilst there was some impact of inflation on both staff and operating costs, this will be far more keenly felt in the next financial year. This is particularly true of energy costs, for which three year fixed tariff contracts expired at the end of September 2022, and for which much higher tariffs are forecast in the short to medium term notwithstanding the government support provided to the end of March 2023.

Total income from ongoing activities for the current year was 32.7% up on the previous year at £38.2m (2021: £28.8m), with expenditure (excluding interest payable) increasing by 7.4% over the same period to £32.6m (2021: £30.3m). Excluding income from the CESF and CJRS, total income was 53.2% up on the previous year at £37.8m (2021: £24.6m). The previous year expenditure includes £2.0m restructuring costs, as well as an exceptional provision for diminution in value of an investment property of £0.7m; excluding these, expenditure increased by 18.0% to £32.6m (2021: £27.6m).

The Friends of the Royal Academy, a separate registered charity, donated £11.1m (2021: £10.4m) to the Royal Academy, 6.2% higher than the previous year; but also donated a further £0.1m (2021: £0.7m) of legacy income towards the CESF. The total donation of £11.2m (2021: £11.1m) represented over 29% (2021: 39%) of the RA's total income from ongoing activities.

Exhibition income increased by 174.5% to £8.6m (2021: £3.1m).

There was an 89.2% increase in income from our trading subsidiaries to £9.4m (2021: £5.0m). Income from commercial activities of £6.3m was 52.8% up (2021: £4.1m), with income from entertaining services to the corporate sector 137.5% up at £2.0m (2021: £0.8m) and income from ticketed fundraising events of £1.1m over £1.0m up (2021: £0.1m).

Other income including sponsorship at £2.9m was 36.1% up (2021: £2.1m); with other donations at £3.8m, 6.1% up (2021: £3.6m), including £0.2m emergency fundraising (2021: £0.8m). Grant income at £1.1m was 60.6% down (2021: £2.8m). This included £0.1m from the CJRS (2021: £2.5m); excluding this, grant income was £0.8m higher due primarily to the just under £1.0m received from Bloomberg for digital infrastructure development.

The increase in expenditure included a 14.3% decrease in staff costs to £12.4m (2021: £14.5m), with average full-time equivalent permanent employees decreasing to 269 (2021: 284), with the restructuring completed in January 2021 only impacting the previous year in part. Staff costs in the previous year also include £1.9m of the total £2.0m restructuring costs.

Other expenditure (excluding depreciation and amortisation) has increased by 38.6% to £16.5m (2021: £11.9m), primarily reflecting an increase in direct exhibition costs and retail cost of sales, with operating costs also increasing slightly following the cost savings initiatives in the previous year due to the pandemic. Depreciation and amortisation charges were down 6.8% at £3.6m (2021: £3.9m) – the comparatively high charge reflecting the Academy's recent investment in both the plant upgrade and gallery refurbishment programme and systems technology, as well as the assets brought into service primarily in 2018 with completion of Phase I of the Burlington Project.

The Royal Academy put in place a five year £5.0m committed Masterplan Revolving Credit Facility ("Masterplan RCF") in May 2017 to provide the required working capital for the completion of the Burlington Project, as redevelopment costs were incurred in advance of the receipt of pledged donations and to fund the final cost overruns on the project. The facility has since been extended with the £5.0m commitment running to June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2025, which can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one-month period the advance can either be rolled over for another one-month period or repaid, with the amount then being available again for draw down. This £5.0m facility was not drawn down at the year end, with the £3.7m drawn at the end of the previous financial year repaid in September 2021. An extension of the £3.5m facility to 31 August 2027 has been approved, with the facility agreement due to be signed in early 2023.

The Royal Academy put in place a five year £2.5m committed Operating Revolving Credit Facility ("Operating RCF") in March 2018 to manage operating working capital requirements. The facility has since been extended with the £2.5m commitment running to February 2023 and thereafter reducing to a £1.5m commitment to 31 August 2025, which can be drawn down in advances with a minimum value of £0.15m. Each advance is repayable after one month; at the end of the one-month period the advance can either be rolled over for another one-month period or repaid, with the amount then being available again for draw down. This facility was not drawn down at the year end. An extension of the £1.5m facility to 31 August 2027 has been approved, with the facility agreement due to be signed in early 2023.

The Royal Academy has benefited significantly from the introduction of the Museums and Galleries Tax relief from 1 April 2017, providing much needed financial support to the exhibitions and free display programme amounting to about £0.4m each year to date, although this reduced to less than £0.2m last year with the impact of cancelling exhibitions due to the pandemic. The announcement last year of the extension of this relief until at least 31 March 2024 and increase in the rate of relief with effect from 27 October 2021 was much welcomed.

Reserves

The policy of the Royal Academy is to maintain a sufficient level of free reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. A formal policy on reserves was originally agreed at the meeting of Council on 4 October 2011 and approved annually thereafter which states:

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that the Royal Academy's core activities could continue during a period of unforeseen difficulty and that current and future commitments can be honoured.
- A proportion of reserves to be maintained in a readily realisable form.
- The policy is reviewed annually by Council.

Free reserves comprise that part of the total unrestricted funds that are freely available. Arising from the most recent review, the trustees have adopted a risk-based approach to determine an appropriate level of free reserves. The trustees consider it appropriate to have free reserves sufficient to cover a period of unforeseen difficulties and consider this to be the greater of a period of three months, being the normal duration of a main gallery exhibition, such that this would allow the Royal Academy to continue running in the circumstances that an exhibition is cancelled without an alternative being viable, and a period of six months, during which the Royal Academy has less than budgeted visitor numbers, due to the impact of external factors, such as the threat of terrorism or a pandemic, reducing the number of visitors to London generally and the RA's campus more specifically.

The trustees have specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2023 and have further considered the medium term cash flow forecasts of the Royal Academy to 31 August 2027 and the long term loan funding in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

Based on this detailed review and analysis, the trustees consider that an appropriate level of free reserves would be in the order of £4.5m to be held by way of operating contingency at all times to enable the Royal Academy to continue operating for a period of three months to cover both a fall in exhibition, trading and voluntary income and fixed operating costs (including salaries) and the prospective financial impact of other uninsured risks or six months, in the event of reduced visitor numbers due to external factors, such as the threat of terrorism or a pandemic.

Actual free reserves as at 31 August 2022
As at 31 August 2022, total unrestricted and non-designated funds stood at £92.7m, including £90.8m of fixed assets. Free reserves, which exclude fixed assets, are therefore in surplus by £1.9m, after taking account of the pension scheme asset of £6.4m and are £2.6m less than the desired level of £4.5m.

The free reserves surplus of £1.9m is represented by net current assets of £5.9m less long term liabilities of £10.4m, of which £10.0m is repayable in ten equal instalments from 2035-2044; and the pension scheme asset of £6.4m.

In addition to the net current assets of £5.9m as at 31 August 2022, the Royal Academy has access to a £5.0m Masterplan RCF (the facility commitment reduces to £3.5m from June 2023 to 31 August 2025) and a committed £2.5m Operating RCF to February 2023 (reducing to £1.5m from March 2023 to 31 August 2025) and an annually renewable £0.5m overdraft facility, none of which were drawn upon at the year end. A two year extension to 31 August 2027 has been approved for both the Masterplan and Operating RCF.

In November 2020, the Royal Academy Trust pledged a £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19. This pledge had not been called upon at the year end but will be drawn in 2023.

In view of the level of current liquid resources, future pledged donations and the long term loan funding and short term facilities in place, which are all available for operational purposes, the trustees consider that the Royal Academy has both sufficient funding and liquidity for the foreseeable future.

As outlined above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. Part of the scope of this review was to identify a series of key financial metrics providing a benchmark towards achieving financial sustainability, which included delivering the required level of surplus funds to achieve the target level of free reserves over the long term (being a period of five to seven years). Due to the impact of the pandemic and the broader macro-economic situation that has followed, these metrics are unlikely to be delivered against for an extended period, and the period to achieving the target level of free reserves will inevitably be prolonged.

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £53.1m at 31 August 2022 in trust for the Royal Academy, of which £18.3m represents unrestricted funds, including £11.9m that is both unrestricted and not designated. A further £21.2m represents permanent endowment funds, which are accounted for on a total return basis (such that both income and capital appreciation may be distributed), with the remaining £13.6m being restricted funds (including £0.9m which may be used for the general purposes of the Royal Academy). These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy. As noted above, in November 2020 the Royal Academy Trust made a pledge of £2.0m, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19 which will be drawn in 2023 from these funds.

FUTURE PLANS

Our priorities for the years to come

Like many organisations, the Royal Academy, struggled to articulate a long term strategy through the pandemic years of 2020-2021. However, in early 2022, the organisation started work on defining its strategic ambition and roadmap for the five year period to 2027. This strategy remains in development and will be formally approved and adopted by Council later in 2022. However, the plan will reinforce the Royal Academy's founding mission and adapt to its changing environment by focusing on three main objectives:

1. **Reinforcing our commitment as an artist led, practice centred academy**

The Academy exists to inspire and develop artistic practice at all levels of engagement. Over the next five year period, we aim to reinforce our reputation and proposition as an "academy" – a place for exploration and ideation and a leading advocate for the importance of the creative process and arts education more specifically. As an artist led institution with an art school at our core, we see it as our responsibility to advocate for and enable greater access to art education in the UK.

2. **Deepening the connections we make with the world around us**

We believe that art is for everyone and, we are committed to ensuring that the RA is relevant and accessible to the broadest audience. We see it as our responsibility to open new ways into art and to develop a programme which is relevant to and reflects the interests of the diverse society we serve. Over the next five years the RA targets to become more connected with the world around us. We will do this by opening new doors to our mission (online and on site), extending a warm welcome for all who share our passion; showcasing excellence across an ever-more diverse spectrum of contemporary art and architecture; and fostering deeper connections with the practice of art and living artists.

3. **Building our financial, environmental, and organisational resilience**

When the Royal Academy was founded 254 years ago, it was based on the principle that it would fund itself. Over the next five years, in order to preserve our independence and ensure our mission continues to endure the test of time, we must strengthen our resilience to the financial, social and environmental challenges we face. We will achieve this by growing audiences, optimising our assets, maximising the commercial opportunities around our offer; strengthening our resilience to the environmental challenges we face; and ensuring we have the right talent and skills to deliver the ambition we set.

Principal risks and uncertainties and risk management

Council, advised by the SLT and other specialist committees, evaluate and monitor risks and ensure systems and controls are subject to regular review. Where appropriate, mitigating actions and improvements are put in place by the SLT.

All risks identified are recorded in an on-line Risk Register, which is maintained on an ongoing basis and not only includes details of all risks considered but also provides a mechanism for assessing and monitoring those risks, detailing the SLT member responsible and the actions taken to mitigate the risk.

The Risk Register is formulated by the SLT; is reviewed quarterly; and is formally reviewed by the Audit and Risk Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the Audit and Risk Committee.

The Covid-19 pandemic and subsequent lockdowns and closure of the Royal Academy has had a significant impact on the RA's operations, financial sustainability and the wider risk landscape and this will continue for some time yet. The more positive situation with the pandemic has been superseded by external global influences. The ongoing Russian / Ukraine conflict, together with the longer-term impact of the pandemic as well as Brexit, has contributed to the macro-economic situation the RA now finds itself in with pressure on supply chains; rising inflation and interest rates; and an emerging risk of a global recession. The more immediate concern is the considerable challenge to the cost base with rising inflation and increased labour, energy, and transportation costs.

With general inflationary pressures pushing up costs and procurement issues with certain materials, this is also a very challenging time in the construction market. The main works in Burlington House of the RA Schools Project are due to start in late 2022, with the project likely to run into early 2024. This project was fully funded, but due to these issues is now facing a material cost overrun, with further fundraising required and the risk of a funding shortfall.

There remains uncertainty as we recover from the pandemic and the impact of the "cost of living crisis" on growing back visitor numbers represents a further risk, both in terms of reduced visitor numbers to our exhibition programme and a reduction in The Friends of the Royal Academy donation to the Royal Academy arising from diminished Friends' membership income.

The other highest scoring risks include staff recruitment and retention due to volatility in the labour market, including the "Great Resignation" following the pandemic; the longer term impact of Brexit on the diversity of the student body in the RA Schools and staff due to the changes in immigration law; the risk of the possibility of plant failure in the galleries, including the impact of extreme weather; and the threat of a data security breach or cyber-attack. External risks include business interruption arising from a significant external event including civil unrest, terrorism, another pandemic or extreme weather.

These risks are all subject to immediate management consideration to provide mitigation. Mitigation steps include robust financial planning and analysis supporting the medium term cash flow forecasts of the Royal Academy to inform strategic decisions; having procurement processes and stategies to achieve value-for-money when selecting suppliers and during the course of contracts; robust project governance, supported by a strong internal and external project team; developing strategies to attract the best staff, to promote wellbeing, and proactively plan development pathways for key staff; seeking alternative available routes to ensure diversity of students in the RA Schools; completion of the plant upgrade programme, together with planned preventative maintenance; cyber security and working practices in place; continued improvement to data protection policies, procedures and controls, including emergency response planning; and disaster recovery and business continuity planning and procedures.

FUNDRAISING

The RA's approach to fundraising is largely relationship led, through individual donor giving, memberships of the RA, capital appeals, legacies, and corporate sponsorship. The RA does not generally engage with commercial participators and professional fundraisers. The RA does not carry out house-to-house fundraising or street collections.

The RA is registered with the Fundraising Regulator and has submitted its annual complaints return to the Fundraising Regulator. The RA complies with applicable regulation with regard to fundraising and in addition puts the privacy of our supporter data at the heart of everything we do. We manage personal data respectfully and responsibly in accordance with our published privacy policy.

The RA received 143 complaints associated with fundraising and membership in this financial year, compared to 77 in the previous financial year. As in previous years, most of these complaints related to membership cancellations due to increased price, rather than complaints in the strict sense. The number of complaints in this category is higher than the previous year. This is still a comparatively low figure for the sector and given our activities. This represents the degree with which we have developed our processes to ensure we put our supporters and the safeguarding of their data at the centre of everything we do. Nevertheless, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our supporter relations team investigate each complaint and we do all we can to resolve complaints and ensure supporters are happy with our work.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees or members of Council (who are also directors of the Royal Academy for the purpose of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 charity will continue in business; and
- observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that 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.

AUDIT INFORMATION

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Moore Kingston Smith LLP as the Royal Academy's auditors will be put to the forthcoming General Assembly.

On behalf of the Council

Rebecca Salter PRA
President

Prof Peter St John (Adam Caruso and Peter St John RA)
Treasurer

The Royal Academy of Arts
Burlington House
Piccadilly
London W1J OBD

Date: 6th December 2022

Independent Auditors' Report to the Trustees of The Royal Academy of Arts

Opinion

We have audited the financial statements of The Royal Academy of Arts (the "parent charitable company") and its subsidiaries (the "group") for the year ended 31 August 2022 which comprise the group Statement of Financial Activities, the group and parent charitable company Balance Sheets, the group Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 August 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 group's and parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained in the 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.

Other information (continued)

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 course of 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 themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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

As explained more fully in the statement of trustees' responsibilities set out on page 26, 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 group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

The objectives of our audit in respect of fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent charitable company.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- we obtained an understanding of how the group and charitable company complies with these requirements by discussions with management and those charged with governance.
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of this 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 which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

6th Floor
9 Appold Street
London EC2A 2AP

Date: 8 December 2022

The Royal Academy of Arts
Consolidated Statement of Financial Activities
(including an income and expenditure account)
For the year ended 31 August 2022

	Note	Ongoing activities: Unrestricted funds 2022 £	Ongoing activities: Designated funds 2022 £	Ongoing activities: Restricted funds 2022 £	Ongoing activities: Endowment funds 2022 £	Burlington Project: Restricted funds 2022 £	Total 2022 £	Total 2021 £
Income from:								
Donations and legacies								
General donations from RAT*		640,000	-	-	-	-	**640,000**	351,196
Other donations from RAT*:								
Burlington Project		-	-	-	-		-	2,000,000
Cataloguing project		-	-	16,976	-	-	**16,976**	16,828
Other projects		-	-	398,913	-	-	**398,913**	601,474
Donations from Friends of the RA		11,099,320	57,967	-	-	-	**11,157,287**	11,144,509
Other donations	5	1,654,680	459,960	1,734,244	-	5,141,811	**8,990,695**	9,534,394
Grant income	6	89,946	-	996,926	-	-	**1,086,872**	2,756,765
Charitable activities								
Exhibitions		8,607,068	-	-	-	-	**8,607,068**	3,135,618
Schools		23,608	-	-	-	-	**23,608**	21,092
Collections		16,647	-	-	-	-	**16,647**	11,100
Education		180,143	-	-	-	-	**180,143**	82,097
Other trading activities								
Income from trading subsidiaries	7	9,383,026	-	-	-	-	**9,383,026**	4,959,471
Sponsorship, rent and other receipts		2,876,385	-	-	-	-	**2,876,385**	2,113,737
Investments								
Bank interest		5,617	-	-	-	-	**5,617**	8
Dividends		323	-	-	-	-	**323**	462
Total income		34,576,763	517,927	3,147,059	-	5,141,811	**43,383,560**	36,728,751
Expenditure on:								
Raising funds								
Fundraising	9	(2,762,857)	-	-	-	-	**(2,762,857)**	(3,041,237)
Expenditure from trading subsidiaries	7	(6,668,190)	-	-	-	-	**(6,668,190)**	(5,229,640)
Charitable activities	10	(20,660,094)	(504,986)	(2,408,960)	-	-	**(23,574,040)**	(21,803,387)
Other								
Relocation costs		-	-	-	-	(169,044)	**(169,044)**	-
Donation to RAT*		-	-	(1,648)	-	-	**(1,648)**	(15,328)
Diminution in value of investment property	18.d	-	-	(8,173)	-	-	**(8,173)**	(720,521)
Total expenditure		(30,091,141)	(504,986)	(2,418,781)	-	(169,044)	**(33,183,952)**	(30,810,113)
Net (losses) / gains on investments	19	-	(42,789)	(21,880)	(63,363)	-	**(128,032)**	138,784
Net income / (expenditure)	11	4,485,622	(29,848)	706,398	(63,363)	4,972,767	**10,071,576**	6,057,422
Transfers between funds	24-26	1,622,428	-	(142,876)	(33,005)	(1,446,547)	-	-
Other gains / (losses)								
Tax credit	15	372,854	-	-	-	-	**372,854**	137,385
Remeasurement of defined benefit pension scheme asset	29	(2,430,000)	-	-	-	-	**(2,430,000)**	1,921,000
Net movement in funds		4,050,904	(29,848)	563,522	(96,368)	3,526,220	**8,014,430**	8,115,807
Total funds brought forward		88,690,264	672,362	3,471,941	888,478	11,765,819	**105,488,864**	97,373,057
Total funds carried forward		**92,741,168**	**642,514**	**4,035,463**	**792,110**	**15,292,039**	**113,503,294**	105,488,864

All gains and losses arisihg in the year are included in the Statement of Financial Activities and derive from continuing activities.

* RAT denotes Royal Academy Trust

The Royal Academy of Arts
Balance Sheets as at 31 August 2022

	Note	Group 2022 £	Group 2021 £	Royal Academy 2022 £	Royal Academy 2021 £
Fixed assets					
Intangible assets	17	**93,707**	312,437	**90,650**	284,006
6 Burlington Gardens	18.c	**66,646,902**	65,201,863	**66,646,902**	65,201,863
Other tangible fixed assets	18.a,b	**28,696,005**	29,753,888	**28,677,018**	29,732,164
Heritage assets	16	**1,392,110**	1,392,110	**1,392,110**	1,392,110
Investment property	18.d	**1,155,000**	1,155,000	**1,155,000**	1,155,000
Other investments	19	**1,742,057**	1,870,089	**1,742,165**	1,870,197
Total fixed assets		**99,725,781**	99,685,387	**99,703,846**	99,635,340
Current assets					
Stock		**961,730**	916,916	-	-
Debtors	20	**4,308,075**	2,865,734	**4,692,122**	4,190,577
Cash and cash equivalents		**17,518,488**	13,040,769	**17,304,604**	12,962,709
Total current assets		**22,788,293**	16,823,419	**21,996,726**	17,153,286
Creditors - amounts falling due within one year	21	**(5,072,057)**	(9,151,619)	**(4,222,534)**	(8,592,863)
Net current assets		**17,716,236**	7,671,800	**17,774,192**	8,560,423
Total assets less current assets		**117,442,017**	107,357,187	**117,478,038**	108,195,763
Creditors - amounts falling due after more than one year	22	**(10,382,723)**	(10,602,323)	**(10,382,723)**	(10,602,323)
Net assets excluding pension scheme asset		**107,059,294**	96,754,864	**107,095,315**	97,593,440
Defined benefit pension scheme asset	29	**6,444,000**	8,734,000	**6,444,000**	8,734,000
Total net assets		**113,503,294**	105,488,864	**113,539,315**	106,327,440
The funds of the charity:					
Endowment funds	24	**792,110**	888,478	**792,110**	888,478
Restricted funds	25	**19,327,502**	15,237,760	**19,327,502**	15,237,760
Unrestricted funds:					
Designated funds	26	**642,514**	672,362	**642,514**	672,362
General funds		**86,297,168**	79,956,264	**86,333,189**	80,794,840
Pension reserve	29	**6,444,000**	8,734,000	**6,444,000**	8,734,000
Total unrestricted funds		**93,383,682**	89,362,626	**93,419,703**	90,201,202
Total charity funds		**113,503,294**	105,488,864	**113,539,315**	106,327,440

Approved and authorised for issue by the President and Council of The Royal Academy of Arts on 6th December 2022

..... President
Rebecca Salter PRA

..... Treasurer
Peter St John (Adam Caruso and Peter St John RA)

Registered Company No. 06298947

The Royal Academy of Arts
Consolidated Statement of Cash Flows
For the year ended 31 August 2022

	Note	2022 £	2021 £
Net cash provided by operating activities	28	**12,379,784**	10,648,851
Tax credit received		**268,361**	-
Cash flows from investing activities			
Interest paid	11	**(438,370)**	(483,703)
Interest received		**5,618**	8
Payments to acquire intangible fixed assets	17.a	**-**	(99,652)
Payments to acquire tangible fixed assets	18.a,c,d	**(3,818,074)**	(3,858,743)
Payments to acquire fixed asset investments	19	**-**	(925,000)
Net cash used in investing activities		**(4,250,826)**	(5,367,090)
Cash flows from financing activities			
Net repayment on revolving credit facilities	21	**(3,700,000)**	-
Bank loan repayments	22	**(219,600)**	(219,600)
Net cash used in financing activities		**(3,919,600)**	(219,600)
Net change in cash and cash equivalents		**4,477,719**	5,062,161
Cash and cash equivalents at the beginning of the year		**13,040,769**	7,978,608
Cash and cash equivalents at the end of the year		**17,518,488**	13,040,769
Analysis of cash and cash equivalents:			
Cash at bank and in hand		**17,518,488**	13,040,769
Total cash and cash equivalents		**17,518,488**	13,040,769

Analysis of changes in net debt:		**Opening £**	**Cash flows £**	**Closing £**
Cash		13,040,769	4,477,719	**17,518,488**
Loans falling due within one year	21	(3,919,600)	3,700,000	**(219,600)**
Loans falling due after more than one year	22	(10,602,323)	219,600	**(10,382,723)**
Total		**(1,481,154)**	**8,397,319**	**6,916,165**

1 General information

The Royal Academy of Arts ("Royal Academy") and its subsidiaries (together "the Group") continues to aspire to promote the arts of design and educate the public in the creation, appreciation and enjoyment of arts. The registered office is Burlington House, Piccadilly, London.

The Royal Academy is a company limited by guarantee and a registered charity and incorporated in England and Wales.

The Royal Academy is a Public Benefit Entity as defined by FRS 102.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charities Act 2011 and Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest pound.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Royal Academy and its three trading subsidiaries: RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2022. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 7 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual SOFA. The Royal Academy only surplus (net movement in funds) was £8,050,451 (2021: £8,954,383).

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. 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 Royal Academy 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 and have considered the continued impact of the Covid-19 pandemic, as well as the macro-economic situation the Royal Academy now finds itself in with pressure on supply chains; rising inflation and interest rates; and an emerging risk of a global recession.

2 Summary of significant accounting policies (continued)

b. Going concern (continued)

In particular, the trustees have considered the sensitivity of forecasts, including that of a slower recovery from the pandemic. They have taken account of the related pressures on its key sources of income from donations, in particular the annual donation from the Friends of the Royal Academy; sponsorship and admission income from its exhibitions programme; and from its trading activities, including onsite and online retail and corporate membership and lets. The trustees have further reviewed its underlying cost base and its expenditure on both its charitable and fundraising activities, as well as from commercial trading, supporting these key sources of income and the prospective impact of rising inflation, higher energy tariffs and salary increases on these.

The Group has unrestricted net current assets of £5.9m as at the year end. The Group also has access to a committed £3.5m Masterplan Revolving Credit Facility (reducing from £5.0m in May 2023) and £1.5m Operating Revolving Credit Facility (reducing from £2.5m in March 2023) to August 2025 and an annually renewable £0.5m overdraft facility. None of these facilities were drawn upon as at the year end.

In November 2020, the Royal Academy Trust pledged a £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19. This pledge has not yet been called upon by the Royal Academy but will be during 2023.

In addition, the Royal Academy Trust, an independent charity established to specifically provide support to the Royal Academy, held funds of £53.1m at 31 August 2022 in trust for the Royal Academy, of which £18.3m are unrestricted, including £11.9m that is both unrestricted and not designated, and £0.7m of restricted funds held in the Paul Mellon Endowment fund, which may be used for the general purposes of the Royal Academy. The £2.0m pledge will be drawn from these funds.

In view of the level of current liquid resources; the long term loan funding and short term facilities in place; and the pledged donations and ongoing support of the Royal Academy Trust, the trustees consider that the Group has both sufficient funding and liquidity for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

2 Summary of significant accounting policies (continued)

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds, where Council have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Royal Academy, including the general fund which represents the Group's reserves. The major funds held in each of these categories are disclosed in notes 24 to 26.

Transfers between funds represents the funds transferred between restricted funds to the general unrestricted fund on completion of projects and restrictions being satisfied.

e. Burlington House

The Royal Academy holds a 999 year lease on Burlington House, of which almost 850 years remain, title to which is vested in the Secretary of State for the Department of Communities and Local Government. The rent of the property is nominal but it is the responsibility of the Royal Academy to maintain the property in a sound condition. The property is inalienable in that its ownership reverts to the Government if it is no longer used by the Royal Academy. The property works carried out on the galleries, Royal Academy Schools and Library are principally to maintain the fabric in its original condition and ensure an adequate environment for the exhibits. As the value of these works is part of the fabric of the building and cannot be realised, these are not recognised in the balance sheet except in the case of building improvements as detailed in the fixed assets and depreciation policy described below.

f. Heritage assets

The Royal Academy holds a collection of works of art, which consists of paintings, sculptures and prints, together with a library of books acquired by the Royal Academy by donation, bequest and from members on election to the Royal Academy ("Diploma Works").

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Royal Academy. In particular, the Diploma Works have an intrinsic value to the Royal Academy collection as an embodiment of the development of the Royal Academy as an institution. The manner in which they are given to the Royal Academy makes the valuation of these items very subjective, such that a reliable value cannot be arrived at. Furthermore, the cost of valuing the entire collection would be onerous compared with the benefit derived by users of the financial statements in assessing the Royal Academy's stewardship of these assets.

2 Summary of significant accounting policies (continued)

f. Heritage assets (continued)

As such, the Royal Academy does not recognise these assets on its balance sheet other than acquisitions made since 1 April 2010 with a value of £10,000 or more. These are reported at cost where the asset is purchased or at the curator's best estimate of current value where the asset is donated. Such assets are not depreciated but are reviewed for impairment in the event of physical deterioration. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Expenditure which is required to preserve or prevent further deterioration of the collection is recognised in the SOFA when it is incurred.

g. Foreign currency

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

h. Intangible assets

Computer software and website costs are stated at cost less accumulated amortisation and impairment losses. These are amortised over their estimated useful life, of three years, on a straight line basis.

i. Tangible assets

Expenditure on building improvements, new machinery and equipment is capitalised as fixed assets and stated at cost less accumulated depreciation. The Royal Academy applies a £1,000 threshold to the capitalisation of fixed assets. Depreciation is charged at the following rates on a straight line basis:

Building improvements	5 to 25 years
Computers	over 3 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 15 years
Motor vehicles	over 3 years

Short leasehold property improvements are depreciated over the period of the lease.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment.

Investment property has been capitalised and included in fixed assets initially at cost and subsequently at fair value at the reporting date. Changes in fair value are recognised in the SOFA.

No depreciation is charged on assets in course of construction. Where assets are constructed as part of a project for which specific identifiable assets are brought into service before the overall project is completed, such assets will be transferred from assets in course of construction to building improvements or fixtures, fittings and equipment as appropriate and depreciated from the date these are placed in service.

2 Summary of significant accounting policies (continued)

j. Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

Incentives received to enter into operating leases are credited to the SOFA to reduce the lease expense, on a straight line basis over the period of the lease.

k. Stock

Stock principally consists of shop and e-commerce products and is valued at the lower of cost and net realisable value. In the case of artworks provided by an artist these items are recognised in the financial statements at their anticipated sales price, less anticipated cost of sales and any subsequent impairment.

l. Income

Income, which is stated net of VAT where applicable, and intra-group transactions, consists of box office takings, sponsorship, donations and grants.

Income received for an activity taking place in a subsequent period is deferred to that period in accordance with FRS 102, except where that income relates to an exhibition where the accounting policy outlined below is followed.

i. Exhibitions
The results of exhibitions are recognised in the financial statements of the year in which the majority of the exhibition takes place. Costs incurred and income received, including sponsorship income, in connection with forthcoming exhibitions, where the majority of the exhibition falls after the year end, are deferred at the balance sheet date. If a decision is made not to proceed with an exhibition, the costs are written off. Commission on art sales at the Royal Academy's *Summer Exhibition* is recognised at the point of sale by the artist.

ii. Donated services
Where an artist has donated their services, for example, in the creation of artworks or artworks themselves, to be sold alongside an exhibition, the donated services or artworks are recognised in the financial statements in accordance with the policy for exhibitions income disclosed above.

Other donated services are recognised when these have been delivered and are valued at the amount the Royal Academy would be prepared to pay for a similar service.

iii. Patrons
Patrons income is recognised in the financial statements on a cash received basis.

iv. Grants
For performance related grants, income entitlement is considered to be conditional upon the meeting of conditions imposed by the grant. Income is therefore recognised in the financial statements to the extent that the Royal Academy has demonstrably met any grant conditions imposed.

Non-performance related grants are recognised when there is evidence of entitlement, receipt is probable (more likely than not) and its amount can be measured reliably.

2 Summary of significant accounting policies (continued)

l. Income (continued)

v. Donations

Donations and related Gift Aid are accounted for when the donation is received. If donations are specifically in connection with a future event, these are restricted; if specifically in connection with a future exhibition, these follow the policy set out in 2.l.i..

vi. Trading subsidiary income

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and VAT.

Turnover is recognised at the point of sale for goods and when services have been delivered. Subscriptions are accounted for in the period in which membership commences.

m. Legacies

Legacies are accounted for as income where there is clear entitlement; the amounts can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

n. Expenditure

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised when there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable a transfer of economic benefit will be required in settlement and the amount can be measured reliably.

Expenditure on raising funds consist of costs of trading subsidiaries and fundraising expenditure. These include the direct costs of the department, including the running costs of sponsorship, fundraising and events, together with a share of the support costs of the Royal Academy.

Charitable activities include all costs related to the main purpose of the Royal Academy and include: direct costs of exhibitions and the associated education programme; running the Royal Academy Schools; and the conservation of the permanent collection and the Library. Publicity costs are allocated to Exhibitions, Royal Academy Schools, Collections and Education based on the income from each area.

Support costs are the costs of departments which are shared by the various activities of the Royal Academy: Finance, Human Resources, Information Technology, Facilities and governance costs. These costs are allocated to activities on a basis that is appropriate to the nature of the expenditure and have therefore been allocated over headcount.

2 Summary of significant accounting policies (continued)

o. Employee benefits

The Royal Academy provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined benefit pension plan

The Royal Academy of Arts Pension Scheme ("the Scheme") is a defined benefit pension scheme closed to future accrual on 30 September 2016. Pension assets and liabilities are recorded in line with Section 28 of FRS 102. With scheme valuations undertaken by independent actuaries, FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, together with the net interest for the year, are allocated to relevant expenditure headings within the SOFA. Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the Scheme liabilities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in unrestricted funds in the SOFA within remeasurement of defined benefit pension scheme asset. The resulting defined benefit pension scheme asset or liability is presented separately on the face of the balance sheet in unrestricted funds. The Royal Academy recognises an asset for its Scheme to the extent this is considered recoverable through reduced contributions in the future, or through refunds from the Scheme. The trustees of the Scheme believe that the Scheme currently meets the minimum funding requirements. The assets of the Scheme are held completely independently from the Royal Academy.

The income and expense related to the Scheme is allocated entirely to the unrestricted ongoing activities of the Group.

iii. Defined contribution pension plans

The Royal Academy operates two defined contribution plans for its employees. The contributions are recognised as an expense when these are due. Amounts not paid are shown in accruals in the balance sheet.

iv. Termination payments

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Royal Academy recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

p. Administered funds

Investments held by the administered funds are stated at market value at the balance sheet date. Dividend income from investments is recognised on an accruals basis.

2 Summary of significant accounting policies (continued)

q. Investments

i. Investment properties
Investment properties comprise those held solely for either their rental income and/or capital appreciation. They are carried at fair value.

ii. Other investments
Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. Unlisted investments are stated at cost as no market value is available. The SOFA includes any realised or unrealised gain or loss during the year. Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

r. Financial instruments

Financial instruments are recognised in the Royal Academy's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Royal Academy after deducting all of its liabilities.

i. Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

ii. Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

iii. Impairment of financial assets
Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

iv. Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

2 Summary of significant accounting policies (continued)

r. Financial instruments (continued)

v. Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

vi. Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments 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.

a. Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. These are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 17 and 18 for the carrying value of assets and note 2.h and 2.i for the useful economic lives.

b. Impairment of debtors

The Royal Academy makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

c. Defined benefit pension scheme asset

The determination of the assumptions used in calculating the defined benefit pension scheme asset is the responsibility of the trustees of the Royal Academy, with delegated authority to the Director of Finance. The assumptions are set with regard to advice given by the scheme actuary.

4 Prior year comparatives by type of fund

The SOFA provides the restated prior year comparatives in total; this note provides prior period comparatives for each of the types of funds.

		Ongoing activities				Burlington Project	
		Unrestricted funds 2021	Designated funds 2021	Restricted funds 2021	Endowment funds 2021	Restricted funds 2021	Total 2021
		£	£	£	£	£	£
Income from:							
Donations and legacies							
General donations from RAT*		-	-	351,196	-	-	**351,196**
Other donations from RAT*:							
Burlington Project		-	-	-	-	2,000,000	**2,000,000**
Cataloguing project		-	-	16,828	-	-	**16,828**
Other projects		-	-	601,474	-	-	**601,474**
Donations from Friends of the RA		10,448,495	696,014	-	-	-	**11,144,509**
Other donations	5	1,048,918	1,626,023	953,719	-	5,905,734	**9,534,394**
Grant income	6	2,574,682	-	182,083	-	-	**2,756,765**
Charitable activities							
Exhibitions		3,135,618	-	-	-	-	**3,135,618**
Schools		21,092	-	-	-	-	**21,092**
Library		11,100	-	-	-	-	**11,100**
Education		82,097	-	-	-	-	**82,097**
Other trading activities							
Income from trading subsidiaries	7	4,959,471	-	-	-	-	**4,959,471**
Sponsorship, rent and other receipts		2,113,737	-	-	-	-	**2,113,737**
Investments							
Bank interest		8	-	-	-	-	**8**
Dividends		462	-	-	-	-	**462**
Total income		24,395,680	2,322,037	2,105,300	-	7,905,734	**36,728,751**
Expenditure on:							
Raising funds							
Fundraising	9	(3,041,237)	-	-	-	-	**(3,041,237)**
Expenditure from trading subsidiaries	7	(5,229,640)	-	-	-	-	**(5,229,640)**
Charitable activities	10	(17,431,087)	(2,350,845)	(2,021,455)	-	-	**(21,803,387)**
Other							
Donation to RAT*		-	-	(15,328)	-	-	**(15,328)**
Diminution in value of investment property		-	-	(720,521)	-	-	**(720,521)**
Total expenditure		(25,701,964)	(2,350,845)	(2,757,304)	-	-	**(30,810,113)**
Net gains on investments		-	-	19,591	119,193	-	**138,784**
Net income / (expenditure)	11	(1,306,284)	(28,808)	(632,413)	119,193	7,905,734	**6,057,422**
Transfers between funds	24-26	2,828,028	-	229,013	(37,020)	(3,020,021)	-
Other gains							
Tax credit	15	137,385	-	-	-	-	**137,385**
Remeasurement of defined benefit pension scheme asset	29	1,921,000	-	-	-	-	**1,921,000**
Net movement in funds		3,580,129	(28,808)	(403,400)	82,173	4,885,713	**8,115,807**
Total funds brought forward		85,110,135	701,170	3,875,341	806,305	6,880,106	**97,373,057**
Total funds carried forward		88,690,264	672,362	3,471,941	888,478	11,765,819	**105,488,864**

* RAT denotes Royal Academy Trust

5 Income from other donations

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
2022					
Exhibitions	723,071	-	859,223	-	**1,582,294**
Schools	3,000	-	689,600	-	**692,600**
Collections	250	-	-	-	**250**
Education	151,584	-	185,421	-	**337,005**
General - Other	776,775	-	-	-	**776,775**
Burlington Project - Phase II/III	-	-	5,141,811	-	**5,141,811**
Presidents Fund *	-	41,769	-	-	**41,769**
Coronavirus Emergency Support Fund ("CESF")	-	203,760	-	-	**203,760**
Legacies - CESF *	-	214,431	-	-	**214,431**
Total	**1,654,680**	**459,960**	**6,876,055**	**-**	**8,990,695**
2021					
Exhibitions	255,555	-	270,121	-	**525,676**
Schools	10,634	-	576,491	-	**587,125**
Collections	350	-	-	-	**350**
Education	61,021	-	72,357	-	**133,378**
General - Other	721,358	-	34,750	-	**756,108**
Burlington Project - Sackler lift	-	-	250,000	-	**250,000**
Burlington Project - Phase I/II	-	-	5,655,734	-	**5,655,734**
Coronavirus Emergency Support Fund ("CESF")	-	783,904	-	-	**783,904**
Legacies - CESF *	-	842,119	-	-	**842,119**
Total	**1,048,918**	**1,626,023**	**6,859,453**	**-**	**9,534,394**

* With effect from 1 September 2018, Council has determined that unrestricted legacies will be set aside as part of the "Presidents' Fund" which is a designated fund held for the general purposes of the Royal Academy. In March 2020, the Royal Academy established a Coronavirus Emergency Support Fund ("CESF"). At its 31 March 2020 meeting, Council approved that unrestricted legacy income received until further notice should be designated to the CESF and used for the general purposes of the Royal Academy.

6 Income from grant income

	Unrestricted funds £	Restricted funds £	Total £
2022			
Coronavirus Job Retention Scheme	55,056	-	**55,056**
Digital infrastructure *	-	980,000	**980,000**
Exhibitions	17,915	1,000	**18,915**
Schools	14,225	15,926	**30,151**
Education	2,750	-	**2,750**
Total	**89,946**	**996,926**	**1,086,872**
2021			
Coronavirus Job Retention Scheme	2,546,202	-	**2,546,202**
Schools	28,480	14,583	**43,063**
Education	-	167,500	**167,500**
Total	**2,574,682**	**182,083**	**2,756,765**

The Royal Academy took advantage of the Government's Coronavirus Job Retention Scheme ("CJRS") from inception in March 2020 up until its closure in September 2021.

* The Royal Academy received grant income of £980k from the Bloomberg Philanthropies' Digital Accelerator Fund during the year. This will fund updating the user experience and infrastructure of the main Royal Academy website; delivering a digital studio for online events; and researching the Royal Academy's requirements for digital asset management.

7 Results from subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, which operates a shop and e-commerce business, a restaurant and cafés, a publications and art sales business and commercial learning; RA (Arts) Limited, which provides entertainment services to the corporate sector; and Burlington House Limited, which raises funds from the corporate sector and individuals through ticketed events. These companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy. The registered offices of all subsidiaries is Burlington House, Piccadilly, London. A summary of their trading results is shown below. Audited financial statements for these subsidiaries are filed annually with the Registrar of Companies.

Profit and Loss:	**Total**	**R.A. Enterprises Limited**		**RA (Arts) Limited**		**Burlington House Limited**	
	2022	**2022**	2021	**2022**	2021	**2022**	2021
	£	**£**	£	**£**	£	**£**	£
Turnover	**9,383,026**	**6,295,283**	4,120,885	**1,954,379**	822,736	**1,133,364**	15,850
Cost of sales	**(3,645,152)**	**(2,948,110)**	(2,301,990)	**(83,803)**	(29,881)	**(613,239)**	-
Administrative expenses	**(3,023,038)**	**(2,557,643)**	(2,644,446)	**(404,941)**	(224,448)	**(60,454)**	(28,875)
Total expenses	**(6,668,190)**	**(5,505,753)**	(4,946,436)	**(488,744)**	(254,329)	**(673,693)**	(28,875)
Net result	**2,714,836**	**789,530**	(825,551)	**1,465,635**	568,407	**459,671**	(13,025)
Distribution to the Royal Academy	**(1,912,281)**	-	-	**(1,465,635)**	(568,407)	**(446,646)**	-

No charge to taxation will arise as the companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy.

Balance Sheet:							
Fixed assets							
Intangible fixed assets	**3,057**	**3,057**	28,431	-	-	-	-
Tangible fixed assets	**18,990**	**18,990**	21,727	-	-	-	-
Total fixed assets	**22,047**	**22,047**	50,158	-	-	-	-
Current assets							
Stock	**961,730**	**961,730**	916,916	-	-	-	-
Debtors	**1,007,903**	**707,208**	376,501	**292,170**	209,159	**8,525**	242,104
Cash and cash equivalents	**217,588**	**164,388**	18,721	-	-	**53,200**	53,200
Total current assets	**2,187,221**	**1,833,326**	1,312,138	**292,170**	209,159	**61,725**	295,304
Current liabilities							
Creditors - amounts falling due within one year	**(2,245,181)**	**(1,891,390)**	(2,187,843)	**(292,166)**	(209,155)	**(61,625)**	(308,229)
Net current assets / (liabilities)	**(57,960)**	**(58,064)**	(875,705)	**4**	4	**100**	(12,925)
Total assets less total liabilities *	**(35,913)**	**(36,017)**	(825,547)	**4**	4	**100**	(12,925)
Capital and reserves							
Called up share capital	**108**	**4**	4	**4**	4	**100**	100
Profit and loss reserves	**(36,021)**	**(36,021)**	(825,551)	-	-	-	(13,025)
Total equity	**(35,913)**	**(36,017)**	(825,547)	**4**	4	**100**	(12,925)

* Following the emergence from the Covid-19 pandemic, R.A. Enterprises Limited made a profit for the year of £789,530 reducing the net liabilities position to £36,017 at the balance sheet date. Since the year end, the company has continued to trade profitability and has returned to a net assets position.

8 Support costs

2022	Finance £	IT £	Personnel £	Facilities £	Governance £	Total £
Exhibitions	1,068,297	600,917	199,136	1,802,965	260,352	**3,931,667**
Schools	224,904	126,509	41,923	379,571	54,811	**827,718**
Collections	182,735	102,789	34,063	308,402	44,534	**672,523**
Education	196,791	110,696	36,683	332,125	47,960	**724,255**
Publicity (note 10)	435,752	245,112	81,226	735,420	106,196	**1,603,706**
Fundraising (note 9)	337,357	189,764	62,885	569,357	82,216	**1,241,579**
2022 total	**2,445,836**	**1,375,787**	**455,916**	**4,127,840**	**596,069**	**9,001,448**

Personnel costs include legal, professional and consultancy costs of £4,050 (2021: £145,284) pertaining to the restructuring which took place in 2021. Finance costs include interest payable and similar charges of £438,370 (2021: £483,703).

2021	Finance £	IT £	Personnel £	Facilities £	Governance £	Total £
Exhibitions	1,033,603	578,248	277,797	1,613,185	227,899	3,730,732
Schools	209,514	117,212	56,310	326,997	46,196	756,229
Collections	195,546	109,398	52,556	305,197	43,116	705,813
Education	237,449	132,841	63,818	370,596	52,355	857,059
Publicity (note 10)	432,996	242,239	116,374	675,794	95,471	1,562,874
Fundraising (note 9)	377,125	210,982	101,358	588,594	83,152	1,361,211
2021 total	2,486,233	1,390,920	668,213	3,880,363	548,189	8,973,918

9 Fundraising

	2022 £	2021 £
Direct fundraising costs	**1,521,278**	1,680,026
Support costs (note 8)	**1,241,579**	1,361,211
Total	**2,762,857**	3,041,237

10 Charitable activities

2022	Direct costs £	Support costs £	Publicity costs (i) £	Total £
Exhibitions	10,216,891	3,931,667	4,054,085	**18,202,643**
Schools	1,173,054	827,718	11,120	**2,011,892**
Collections	991,891	672,523	7,841	**1,672,255**
Education	878,144	724,255	84,851	**1,687,250**
Total	**13,259,980**	**6,156,163** (note 8)	**4,157,897**	**23,574,040**

10 Charitable activities (continued)

2021	Direct costs £	Support costs £	Publicity costs (i) £	Total £
Exhibitions	8,475,416	3,730,732	3,719,587	15,925,735
Schools	1,202,129	756,229	25,020	1,983,378
Collections	1,123,376	705,813	13,167	1,842,356
Education	1,097,472	857,059	97,387	2,051,918
Total	11,898,393	6,049,833	3,855,161	21,803,387

Exhibitions expenditure includes the direct costs of mounting all loan exhibitions and the Summer Exhibition and all associated costs, such as curatorial staff, art handling, security, press and box office.

i. Publicity costs comprise direct publicity costs and an allocation of support costs analysed as follows:

	2022 £	2021 £
Direct publicity costs	**2,554,191**	2,292,287
Support costs (note 8)	**1,603,706**	1,562,874
Total	**4,157,897**	3,855,161

11 Net income / (expenditure)

	2022 £	2021 £
This is stated after charging:		
Amortisation	**218,730**	417,980
Depreciation	**3,422,745**	3,482,493
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	**58,925**	51,305
Audit services - defined benefit pension scheme	**8,100**	8,650
Other services	**14,635**	11,729
Interest payable and similar charges (see note 8)	**438,370**	483,703

External auditors other services relate to tax compliance and other advice.

The total lease expenditure incurred in the year was £170,623 (2021: £138,931).

12 Role of volunteers

Like all charities, the Royal Academy, uses a team of volunteers. In 2022 the Royal Academy engaged 13 (2021: 148) volunteers across both its Learning and Collections departments. This was much reduced from 2021 due to minimised activity as a result of the restructure and Covid-19 pandemic.

In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the financial statements.

13 Officers' and Council members' remuneration

	2022	2021
	£	£
Officers' remuneration, excluding pension contributions, is as follows:		
President	**67,660**	65,340
Keeper	**50,000**	50,000
Secretary and Chief Executive	**191,244**	183,689
Treasurer	**40,000**	40,000
Total	**348,904**	339,029

Remuneration for officers is set by the People and Remuneration Committee.

One officer (2021: one) received pension contributions totalling £19,124 (2021: £18,369).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. Two (2021: one) trustees received reimbursed expenditure of:

	2022	2021
	£	£
Travel	**1,055**	249
Other	**1,097**	1,721
Total	**2,152**	1,970

Trustee indemnity insurance costs for the year totalled £14,246 (2021: £25,063).

14 Staff costs

	2022	2021
	£	£
Salaries and wages	**10,775,933**	11,165,470
Social security costs	**1,030,156**	1,116,478
Redundancy and termination payments	**12,692**	1,515,921
Pension contributions - defined contribution schemes	**760,007**	823,399
Pension service income - defined benefit scheme	**(140,000)**	(101,000)
Total	**12,438,788**	14,520,268

Staff costs include payroll for temporary as well as permanent staff.

As disclosed in note 6, grant income of £55,056 (2021: £2,546,202) was claimed in respect of the Coronavirus Job Retention Scheme.

The organisation undertook a significant restructuring in 2021. The total cost of the restructuring was £2.2m. In addition to the £1.5m redundancy and termination payments in 2021, a further £0.2m of redundancy costs were incurred and recharged to the Friends of the Royal Academy. There were further holiday pay, social security costs and pension contributions of £0.4m and legal, professional and consultancy costs of £0.1m (see note 8). Due to the impact of this, salaries and wages and the number of full-time equivalent employees have reduced significantly compared to last year.

The key management personnel of the Royal Academy, and Group, comprise the Senior Leadership Team, trustees and officers. Total remuneration of key management personnel during the year was £1,267,891 (2021: £1,186,063).

14 Staff costs (continued)

The number of employees, including officers, whose remuneration exceeded £60,000, is shown below:

Band:	**2022**	2021
	No.	No.
£60,000 to £69,999	**5**	6
£70,000 to £79,999	**7**	6
£80,000 to £89,999	**2**	4
£90,000 to £99,999	**1**	1
£110,000 to £119,999	**-**	2
£120,000 to £129,999	**2**	1
£130,000 to £139,999	**1**	-
£180,000 to £189,999	**-**	1
£190,000 to £199,999	**1**	-

Pension contributions for the above employees were £156,176 (2021: £161,932).

The average number of permanent employees and full-time equivalent ("FTE") permanent employees, including officers, during the year was:

	Headcount		**FTE**	
	2022	2021	**2022**	2021
	No.	No.	**No.**	No.
Charitable activities	**119**	120	**97**	101
Fundraising and publicity	**55**	58	**52**	56
Trading activities	**44**	44	**38**	38
Governance	**4**	4	**4**	4
Support	**81**	86	**78**	85
Total	**303**	312	**269**	284

The number of part-time staff employed by the Royal Academy varies throughout the year, depending on the exhibition programme.

15 Taxation

The Royal Academy is entitled to a tax credit under the Museums and Galleries Tax Relief scheme from 1 April 2017.

	2022	2021
	£	£
Taxation credit		
- For the current year	**340,649**	124,332
- Adjustment in respect of prior year	**32,205**	13,053
Total	**372,854**	137,385

16 Heritage assets

The Royal Academy holds assets that fall under the definition of "Heritage Assets". These fall into three broad collections: The Works of Art Collection, The Royal Academy Library and The Royal Academy Archive. Each of these is considered in turn.

All items in these collections are available to view by appointment. Items are also from time to time included in exhibitions at the Royal Academy, as well as being loaned out to other exhibitors.

The Works of Art Collection

The Works of Art Collection consists of works of art and other objects of historic, artistic or associational significance owned by the Royal Academy, namely: paintings, sculpture (including medals, dies, cameos, and intaglio gems); drawings; artists' sketchbooks; individually issued prints; photographs; plaster casts (including pastes of gems); historic skeletons relating to teaching in the Royal Academy Schools; objects of memorabilia, including artists' tools and materials; historic silver and silver-plate; historic items of furniture; picture frames; and certain fittings and fixtures within Burlington House. The Royal Academy holds around 990 paintings in its permanent collection and over 25,000 prints and drawings.

The majority of works and objects in the collections date from the foundation of the Royal Academy in 1768 to the present day. Exceptions include the *Taddei Tondo*, the only marble by Michelangelo in the UK; early copies after the Old Masters, such as those by Giampietrino, Rosso Florentino and Sir James Thornhill; as well as some prints and drawings.

The core of The Works of Art Collection is the Diploma Works. These are given by Academicians on election to the institution and are predominantly by British artists and architects. Other works of art were purchased, bequeathed or given to the Royal Academy and range from drawings to plaster casts and from photographs to paintings. There is also a collection of silver given to the Royal Academy by Academicians, which is of historical importance to the Royal Academy.

The Royal Academy Library (Special Books Collection)

The Library comprises the Historic Books Collection dating from the 16th century to approximately 1920, and the Special Illustrated Books Collection.

The Royal Academy Archive

The Archive holds papers and documents and copies of electronic correspondence relating to the institution's history as well as artists' letters and archives. The Archive also includes photographic prints, transparencies, glass slides and negatives, films and videotapes which relate to the history and activities of the institution. More information about the Royal Academy's collection is available at www.racollection.org.uk.

Capitalisation of the collections

In the opinion of the trustees, reliable information on cost or value is not available for the Royal Academy permanent collection. This is owing to the lack of reliable information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

The collections have a significant intrinsic value relating to the way they provide a unique insight into the history of art and the study of art over the past 250 years. The manner in which items are given by Academicians makes valuation of these items difficult as there is no original cost to the item. In addition there is an intrinsic value to the collections as an embodiment of the history of the Royal Academy as an institution, which would also be far too subjective and unique to place any reliable value upon. For this reason, the permanent collection, large proportions of which were gifted to the Royal Academy at nil cost, are incomparable in nature and are not recognised as assets in the Royal Academy's balance sheet.

16 Heritage assets (continued)

Acquisitions and disposals

Diploma Works are proposed by newly elected members in discussion with the Director of Collections and Learning, and accessioned into the collection following approval by Council. The approval of non-diploma works (by purchase, bequest or donation) is by the Director of Collections and Learning, in consultation with the relevant curator. If the acquisition is more than £5,000 in value, a case for accessioning must be made by the Director of Collections and Learning to Council. All acquisitions are reported annually to Council by the Director of Collections and Learning. The list is subsequently submitted to Council as part of an annual report and the Director of Collections and Learning attends Council to discuss any matters arising from the report.

Disposals will only take place in accordance with the Acquisitions and Disposals Policy. No disposals were made in the year. Objects will only be deaccessioned by way of exchange (in the case of Diploma Works) or if there is irreparable damage to or total loss of an object. Due to the accreditation by the Arts Council, and the Royal Academy's internal procedures and policies (described under "Collections management", below), disposals can only be for "financially motivated" reasons in exceptional circumstances. Any such disposal must be as part of a wider review of the Collection, and then proceeds must be used only for the benefit of the Collection.

In the financial year, Diploma Works were presented by Amanda Levete RA and Jane and Louise Wilson RA.

Gifts made to the Royal Academy in the current financial year include a painting by Peter Greenham valued at £4,000 and a box set of 64 woodcut prints by Christopher Le Brun PPRA valued at £32,000 in total. No gifts in this financial year included any individual works over the value of £10,000. Valuations are made at fair value, either provided by the artist or their gallery or based on an assessment made by the curator taking into consideration current market values.

The Collections Development Policy covering acquisitions and disposals is available for review on the Royal Academy's website www.royalacademy.org.uk/page/collections-and-research.

Preservation

The Royal Academy is committed to the preservation of its Collections. It aims to ensure the longest possible life of the Collections. This includes security, financial, environmental, storage and staffing that all help to preserve the collections for posterity.

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however, these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. Some items are held off-site in specialist

For the works of art, most conservators employed by the Royal Academy are on the ICON Conservation Register. For other areas of the collections, a variety of conservation experts are consulted.

Collections management

The Works of Art Collection, Special Books Collection and Archive are catalogued in a series of discrete but interconnected databases, each fully conforming to their relevant professional standards, i.e. Spectrum for museum objects; AACR2 and MARC21 for books; and ISAD(G) for archives. The three databases are linked to a series of shared authority files and thesauri against which terms such as personal names, corporate names, materials and techniques, and production roles must be validated. This ensures consistency in data entry and in data searches.

The Collection, Library and Archive are designated as collections of national importance as awarded by the Arts Council in 2011. In order to meet the stringent requirements for this award, an extensive list of procedures and policies for the management of the collection, informed by nationally and internationally recognised standards, were approved by Council. These documents can be consulted in the Collections' Office.

16 Heritage assets (continued)

Analysis of heritage assets (Group and Royal Academy)

	Works of art				
	2022	2021	2020	2018	2017
	£	£	£	£	£
Carrying amount at 1 September	**1,392,110**	1,392,110	1,142,110	679,000	391,000
Purchases	-	-	-	14,360	-
Gifts	-	-	250,000	448,750	288,000
Carrying amount at 31 August	**1,392,110**	1,392,110	1,392,110	1,142,110	679,000

17 Intangible fixed assets

Intangible assets include the Royal Academy's website and intranet costs, core system software and R.A. Enterprises Limited's Epos, e-commerce and stock management software.

a. Group	**Software**
	£
Cost	
At 31 August 2021 and 31 August 2022	2,572,223
Amortisation	
At 31 August 2021	2,259,786
Charge for the year	218,730
At 31 August 2022	2,478,516
Net book value	
At 31 August 2022	**93,707**
At 31 August 2021	312,437

b. Royal Academy	**Software**
	£
Cost	
At 31 August 2021 and 31 August 2022	1,948,495
Amortisation	
At 31 August 2021	1,664,489
Charge for the year	193,356
At 31 August 2022	1,857,845
Net book value	
At 31 August 2022	**90,650**
At 31 August 2021	284,006

18 Tangible fixed assets

a. Group

	Building improvements £	Assets in course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2021	23,669,638	3,806,540	58,629	24,081,195	**51,616,002**
Additions	479,134	3,154,234	-	178,041	**3,811,409**
Reclassifications	503,680	(503,680)	-	-	-
Transfers to 6 Burlington Gardens	-	(1,446,547)	-	-	**(1,446,547)**
Disposals	-	-	-	(258,439)	**(258,439)**
At 31 August 2022	24,652,452	5,010,546	58,629	24,000,797	**53,722,425**
Depreciation					
At 31 August 2021	8,259,656	-	58,629	13,543,829	**21,862,114**
Disposals	-	-	-	(258,439)	**(258,439)**
Charge for the year	1,290,849	-	-	2,131,896	**3,422,745**
At 31 August 2022	9,550,505	-	58,629	15,417,286	**25,026,420**
Net book value					
At 31 August 2022	**15,101,947**	**5,010,546**	-	**8,583,511**	**28,696,005**
At 31 August 2021	15,409,982	3,806,540	-	10,537,366	29,753,888

b. Royal Academy

	Building improvements £	Assets in course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2021	23,407,236	3,794,411	36,944	23,651,563	**50,890,154**
Additions	479,134	3,154,234	-	178,041	**3,811,409**
Reclassifications	503,680	(503,680)	-	-	-
Transfers to 6 Burlington Gardens	-	(1,446,547)	-	-	**(1,446,547)**
Disposals	-	-	-	(258,439)	**(258,439)**
At 31 August 2022	24,390,050	4,998,418	36,944	23,571,165	**52,996,577**
Depreciation					
At 31 August 2021	7,997,254	-	36,944	13,123,792	**21,157,990**
Disposals	-	-	-	(258,439)	**(258,439)**
Charge for the year	1,290,849	-	-	2,129,159	**3,420,008**
At 31 August 2022	9,288,103	-	36,944	14,994,512	**24,319,559**
Net book value					
At 31 August 2022	**15,101,947**	**4,998,418**	-	**8,576,653**	**28,677,018**
At 31 August 2021	15,409,982	3,794,411	-	10,527,771	29,732,164

c. 6 Burlington Gardens (Freehold property)

Group and Royal Academy	6 Burlington Gardens £
Cost	
At 31 August 2021	65,201,863
Capital Goods Scheme adjustments	(1,508)
Transfers from assets in course of construction	1,446,547
At 31 August 2022	**66,646,902**

In the opinion of the trustees, based on a valuation as at 31 August 2021 by an independent third party, the open market value of the Royal Academy's interest in 6 Burlington Gardens exceeds the book value by approximately £8.9m. The Royal Academy would have no liability to taxation if the asset was sold at open market value on the basis that the proceeds were used to further the company's charitable activities.

d. 7 Pembroke Studios (Investment property)

In 2020, the RA received a donation of £2.2m for the purchase of 7 Pembroke Studios for £1.65m, with the balance to be used for other costs of purchase and the ongoing repairs and maintenance of the property. As part of the gift there is a requirement that the artist who has been using the studio since 2012 is able to have exclusive, rent free use of the studio for as long as she is able to continue to actively use it as an artist up to a maximum of 25 years. At the end of this period the Royal Academy has the right to use or dispose of the studios and use the proceeds for its general charitable purposes. The completion of the purchase of the studio took place in September 2020 for £1.65m plus legal and professional costs. A significant refurbishment was completed in 2021, such that the total cost as at 31 August 2021 was £1.9m.

Group and Royal Academy	7 Pembroke Studios £
Fair value	
At 31 August 2021	1,155,000
Additions (at cost)	8,173
Diminution in value due to restriction in use	(8,173)
At 31 August 2022	**1,155,000**

As the use of the property by this artist is not for the Royal Academy's charitable purposes and the property is primarily held for its capital appreciation, it is being accounted for as an investment property. The Charities SORP requires that investment properties are measured initially at cost and subsequently at fair value at the reporting date.

Based on a valuation as at 31 August 2022 by an independent third party, the current open market value (with vacant possession) of the property is £1.65m. However, due to the requirement for the artist to be able to use the property rent free for up to 25 years from September 2020, the valuation on this basis is much lower at £1.155m. In accordance with the Charities SORP, this lower valuation is deemed to be the fair value for accounting purposes and the diminution in value due to this restriction in use has been recognised as "other expenditure" in the SOFA.

19 Other investments

	Group		Royal Academy	
	2022	2021	**2022**	2021
	£	£	**£**	£
Investments at market value	**1,742,057**	1,870,089	**1,742,057**	1,870,089
Investments in subsidiaries at cost	**-**	-	**108**	108
Total	**1,742,057**	1,870,089	**1,742,165**	1,870,197

The Royal Academy beneficially owns all of the called up share capital of RA (Arts) Limited (02836364), R.A. Enterprises Limited (01666333) and Burlington House Limited (02216104), each of which is registered in England and Wales. See note 7 for the financial results of these entities during the year.

Movement in market value of investments:	**2022**	2021
	£	£
Market value of investments at 1 September	**1,870,089**	806,305
Additions	**-**	925,000
Unrealised (losses) / gains	**(128,032)**	138,784
Market value of investments at 31 August	**1,742,057**	1,870,089

Market value of investments by type:		**2022**	2021
		£	£
Fixed income		**155,558**	112,932
Equities		**1,104,729**	892,992
Property		**111,464**	45,240
Alternative investments		**278,819**	110,151
Liquid assets		**91,487**	708,774
Total market value of investments	(Historic cost of investments £1,700,000 (2021: £1,700,000))	**1,742,057**	1,870,089

Investments are held under management with Sarasin & Partners LLP and are invested in the Sarasin Climate Active Endowments Fund. The fund seeks to provide growth (through increases in investment value and income) of 4% per year more than the Consumer Price Index over a rolling five year period. It has a global multi-asset portfolio with an integrated socially responsible investment policy that also favours investments that may benefit from a move to a lower carbon economy.

The fund will not invest in tobacco and will also avoid investment in companies that have more than 10% of their turnover in armaments, gambling and pornography. The fund has additional restrictions including no investment in companies with 5% or more of their turnover involved in the mining of thermal coal or tar sands; following engagement, no investment in companies that needlessly emit significant quantities of carbon into the atmosphere, or which do not take seriously the transition to a low carbon economy; and qualitative judgments to be considered on a regular basis by the fund's Climate Active Advisory Panel.

20 Debtors

	Group		Royal Academy	
	2022	2021	**2022**	2021
	£	£	**£**	£
Trade debtors	**1,343,757**	434,597	**729,049**	259,712
Royal Academy related entities	**-**	-	**1,363,239**	1,812,132
Royal Academy Trust	**69**	407,388	**39,195**	435,941
Taxation	**497,186**	582,734	**497,186**	582,734
Staff loans	**6,977**	6,718	**6,977**	6,718
Sundry debtors	**1,245,389**	532,924	**1,040,184**	328,927
Prepayments and accrued income	**1,214,697**	901,373	**1,016,292**	764,413
Total	**4,308,075**	2,865,734	**4,692,122**	4,190,577

21 Creditors - amounts falling due within one year

	Group		Royal Academy	
	2022	2021	**2022**	2021
	£	£	**£**	£
Bank loan	**219,600**	219,600	**219,600**	219,600
Revolving credit facilities	**-**	3,700,000	**-**	3,700,000
Trade creditors	**729,631**	1,040,343	**498,809**	863,549
Royal Academy related entities	**-**	-	**4,009**	308,984
The Friends of the Royal Academy	**246,433**	81,635	**246,433**	81,635
Taxation and social security	**577,231**	403,667	**425,051**	275,215
Sundry creditors	**276,446**	120,309	**276,597**	118,721
Accruals	**1,605,446**	1,477,519	**1,395,351**	1,351,383
Deferred income (i)	**1,417,270**	2,108,546	**1,156,684**	1,673,776
Total	**5,072,057**	9,151,619	**4,222,534**	8,592,863

A Masterplan Revolving Credit Facility of £5.0m was taken out in May 2017 to manage working capital requirements in relation to the Burlington Project. The £5.0m facility runs to June 2023, thereafter reducing to a £3.5m commitment to 31 August 2025. The facility can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2022 this facility was not drawn down (2021: £3.7m).

An Operating Revolving Credit Facility of £2.5m was taken out in March 2018 to manage operating working capital requirements. The £2.5m facility runs to March 2023, thereafter reducing to a £1.5m commitment to 31 August 2025. This facility can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2022, this facility was not drawn down (2021: £nil).

21 Creditors - amounts falling due within one year (continued)

i. Deferred income in 2022 includes ticket sales and sponsorship income for exhibitions in the next financial year, including *William Kentridge* , *Making Modernism* and *Herzog & de Meuron* and is analysed as follows:

	Brought forward £	Amount added £	Amount released £	Carried forward £
Deferred income 2022	2,108,546	1,317,270	(2,008,546)	**1,417,270**
Deferred income 2021	2,071,354	2,108,546	(2,071,354)	2,108,546

22 Creditors - amounts falling due after more than one year

	Group		Royal Academy	
	2022 £	2021 £	**2022** £	2021 £
Bank loan	**382,723**	602,323	**382,723**	602,323
Unsecured loan	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Total	**10,382,723**	10,602,323	**10,382,723**	10,602,323

Creditors include amounts not wholly repayable within 5 years as follows:

Unsecured loan	**10,000,000**	10,000,000	**10,000,000**	10,000,000

The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £12,990 (2021: £12,749) was charged in the year.

In December 2014, the Royal Academy entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2035 until 2044, and has a fixed rate of interest of 4.21% p.a.. This facility was used to fund exceptional operating costs during the Burlington Project construction phase and the plant upgrade/renewal programme for conditioning the Burlington House galleries. Interest of £421,000 (2021: £421,000) was charged in the year. The Royal Academy remains compliant with its various loan covenants.

23 Analysis of net assets by fund

	Endowment funds	Restricted		Designated funds	Unrestricted		Total
		Burlington Project	Other funds		General funds	Pension reserve	
	£	£	£	£	£	£	£
a. Group							
Investments	792,110	-	367,736	582,211	-	-	**1,742,057**
Heritage assets	-	-	1,392,110	-	-	-	**1,392,110**
Intangible assets	-	-	-	-	93,707	-	**93,707**
Tangible assets	-	4,669,747	1,155,000	-	90,673,160	-	**96,497,907**
Current assets	-	10,748,925	1,120,617	60,303	10,858,448	-	**22,788,293**
Current liabilities	-	(126,633)	-	-	(4,945,424)	-	**(5,072,057)**
Long term liabilities	-	-	-	-	(10,382,723)	-	**(10,382,723)**
Pension asset	-	-	-	-	-	6,444,000	**6,444,000**
Total	**792,110**	**15,292,039**	**4,035,463**	**642,514**	**86,297,168**	**6,444,000**	**113,503,294**
b. Royal Academy							
Investments	792,110	-	367,736	582,211	108	-	**1,742,165**
Heritage assets	-	-	1,392,110	-	-	-	**1,392,110**
Intangible assets	-	-	-	-	90,650	-	**90,650**
Tangible assets	-	4,669,747	1,155,000	-	90,654,174	-	**96,478,921**
Current assets	-	10,748,925	1,120,617	60,303	10,066,881	-	**21,996,726**
Current liabilities	-	(126,633)	-	-	(4,095,901)	-	**(4,222,534)**
Long term liabilities	-	-	-	-	(10,382,723)	-	**(10,382,723)**
Pension asset	-	-	-	-	-	6,444,000	**6,444,000**
Total	**792,110**	**15,292,039**	**4,035,463**	**642,514**	**86,333,189**	**6,444,000**	**113,539,315**

24 Analysis of endowment funds

Group and Royal Academy

		Opening funds	Investment losses less fund managers fees	Unapplied total return allocated to income	Closing funds
		£	£	£	£
Dunard Scholarship:	a.				
- Trust for investment		625,000	-	-	**625,000**
- Unapplied total return		91,515	(51,099)	(26,617)	**13,799**
Exhibitions fund:	b.				
- Trust for investment		150,000	-	-	**150,000**
- Unapplied total return		21,964	(12,264)	(6,388)	**3,312**
Total		**888,478**	**(63,363)**	**(33,005)**	**792,110**

a. **Dunard Scholarship**: the fund was established in 2020 by a donation of £625,000 from the Dunard Fund. It is held as a permanent endowment and is being accounted for on a total return basis. The purpose of the fund is to endow a student scholarship at the Royal Academy Schools in perpetuity.

b. **Exhibitions fund**: the fund was established in 2019 by a donation of £150,000 from the Thompson Family Charitable Trust, and reclassified as permanent endowment in 2020, and is being accounted for on a total return basis. The purpose of the fund is to support ongoing exhibition costs from investment returns.

25 Analysis of restricted funds

Group and Royal Academy

		Opening funds £	Income and fund growth in year £	Expenditure £	Unapplied total return from endowments £	Fair value losses	Transfers	Closing funds £
Other funds	a.	585,307	2,167,059	(2,231,236)	-	-	(175,881)	**345,249**
Bloomberg fund	b.	-	980,000	(172,279)	-	-	-	**807,721**
7 Pembroke Studios	c.	1,457,504	(21,880)	(7,093)	-	(8,173)	-	**1,420,358**
Heritage assets	16	1,392,110	-	-	-	-	-	**1,392,110**
Dunard Scholarship	24.a	29,855	-	-	26,617	-	-	**56,472**
Exhibitions fund	24.b	7,165	-	-	6,388	-	-	**13,553**
Burlington Project	d.	11,765,819	5,141,811	(169,044)	-	-	(1,446,547)	**15,292,039**
Total		**15,237,760**	**8,266,990**	**(2,579,652)**	**33,005**	**(8,173)**	**(1,622,428)**	**19,327,502**

a. Other funds include donations of £415,889 (2021: £969,498) received from the Royal Academy Trust, other donations of £1,734,244 (2021: £1,203,779) and grants of £996,926 (2021: £182,083) received for specific and general activities as disclosed in notes 5 and 6 respectively. The closing balance relates to the following restricted funds:

The Royal Academy architecture awards £98,459 (2021: £229,142): established in 2018 from a donation of £60,000; a further donation of £255,000 was received in 2019. The awards take place annually for five years and the monies are being used towards the management and running costs of the Royal Academy architecture awards, including architecture awards week where the winner of the Royal Academy Architecture Prize and the finalists for the Royal Academy Dorfman Award come to London from around the world to partake in a week of events and activities and receive their prizes. £10,000 of the money is given to the winner of the Royal Academy Dorfman Award each year.

Young Artists' Summer Show £42,452 (2021: £36,020): established in 2018 from a donation of $67,620 (£51,516), with further donations of £90,187 in 2019, £97,390 in 2020 and £112,600 in 2022. Inspired by the Summer Exhibition, the Young Artists' Summer Show brings together work by primary and secondary-level students from across the UK and beyond in an annual exhibition.

Artist in residence exchange programme £18,352 (2021: £18,352): established in 2018 with a donation of £80,000; a further £27,494 was received in 2019. The funds are being used towards the costs of an artist exchange programme between students of the Royal Academy Schools and the K11 Art Foundation ("KAF") in China.

Swanston bequest £24,564 (2021: £24,564): established in 2014 from a legacy of £60,000. The bequest is being used for curating and publishing costs associated with the *Taddei Tondo.*

Cataloguing project £5,084 (2021: £5,084): established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

Architecture professorship £27,611 (2021: £69,200): established in 2019 from two donations totalling £150,000. The donations will be spent on funding the position of the Professor of Architectural History for four years from 1 September 2019 to 31 August 2023.

Collections conservation project £nil (2021: £27,051): established in 2019 from donations totalling £31,551, with a further donation of £12,500 in 2020. The funds were used for the conservation, digitisation and publication of elements of the Royal Academy archives.

Rothschild Digital Learning Fund £nil (2021: £20,323): established in 2021 from a grant of £67,500, with a further £7,500 received in 2022 upon completion of the final grant report. The grant was used to support and develop the Royal Academy's digital learning activities and resources.

Clore Cultural Learning Fund £49,094 (2021: £84,737): established in 2021 as a result of the Covid-19 pandemic with a grant of £100,000, the fund supports the delivery of learning and community activities, especially those delivered onsite at the Royal Academy.

25 Analysis of restricted funds (continued)

Dunard Schools Fund £79,633 (2021: £70,834): established in 2020 from a donation of £333,333, with a total of £1,000,000 pledged over three years. A futher donation of £333,333 was received in 2022. The fund provides £50,000 per annum towards Royal Academy Schools bursaries and £283,333 towards Royal Academy Schools tutors' salaries.

b. **Bloomberg Digital Accelerator Fund** £807,721 (2021: £nil): established in 2021 from grant income of £980,000 from the Bloomberg Philanthropies' Digital Accelerator Fund. This will fund updating the user experience and infrastructure of the main Royal Academy website; delivering a digital studio for online events; and researching the Royal Academy's requirements for digital asset management. The project is due to complete in 2023.

c. **7 Pembroke Studios**: the fund was established in 2020 from a donation of £2,159,884 ($2,790,720), of which £1,650,000 was used to purchase Pembroke Studios in September 2020, an artist's studio in London, with the balance of the fund to be used for the legal and professional fees associated with the purchase and repairs and maintenance of the property for a period of up to 25 years. It was the donor's wish that an artist, who has been using the studios since 2012, should be able to continue to have exclusive, rent free use of the studios for as long as she is actively and regularly using the studios for up to a maximum of 25 years. At the end of the said period, the Royal Academy will have full and free use of the studios and have the right to sell the studios and apply the proceeds of the sale towards its general charitable purposes.

d. **Burlington Project** - Phase I was completed in 2018, with all Burlington Project - Phase I restricted and designated funds being transferred to unrestricted funds as specific identifiable assets were brought into service and as such, the restrictions on these funds have been satisfied. The remaining restricted funds are in respect of Phases II and III and other projects, which form part of the overall Burlington Project (see note 30).

26 Analysis of designated funds

Group and Royal Academy	Opening funds £	Income £	Expenditure £	Transfers £	Investment losses £	Closing funds £
Total designated	672,362	517,927	(504,986)	-	(42,789)	**642,514**

Council have designated the funds detailed below out of unrestricted funds:

Schools architect fund £77,248 (2021: £82,725): the fund was established in 2018 from a legacy of £88,039. The funds are held on investment with Sarasin & Partners LLP, with the investment returns being used to fund an annual event as part of the RA Architecture Programme in Sir Richard MacCormac's name.

Schools annual travel prize £14,000 (2021: £16,000): a legacy of £20,000 was received in 2018 and designated as an annual travel prize of £2,000 for students of the Royal Academy Schools. The first prize was awarded in 2018, with further awards in 2019 and 2022. It is anticipated this will be spent over a period of 10 years.

Student support fund £nil (2021: £26,828): due to the impact of Covid-19, donations totalling £55,636 received in 2020 were designated towards a support fund for students of the Royal Academy Schools.

Future Academy £551,266 (2021: £546,809): unrestricted donations and legacies received in 2019, 2020 and 2022 have been designated by Council for expenditure on the Royal Academy Schools (£33,828), the Collection (£14,016), education (£500) and the Presidents' Fund (£502,921), which is held to support the Royal Academy in periods when there is unexpected volatility in income or expenditure.

27 Administered funds

The Royal Academy has six funds which have not been consolidated within the financial statements of the Royal Academy, on the basis that while the Royal Academy is administering the funds, it is not the ultimate beneficiary. However, as the funds are administered by the Royal Academy, these have been disclosed separately below for information.

These funds consist of the following:

Frampton Fund
Agnes Ethel MacKay Fund
Jack Goldhill Sculpture Fund
Charles Wollaston Award Fund
Pitchforth Scholarship Fund
Sir John Reeves Ellerman Fund

	2022 £	2021 £
Income from investments	**274**	88,407
Expenditure	**(166,326)**	(130,109)
Net (losses) / gains on investments	**(484,154)**	831,397
Net (loss) / income	**(650,206)**	789,695
Total funds brought forward	**4,972,243**	4,182,548
Total funds carried forward	**4,322,037**	4,972,243
Represented by:		
Investments	**4,014,322**	4,554,914
Cash at bank	**153,412**	132,874
Debtors	**180,187**	307,649
Creditors	**(25,884)**	(23,194)
Total funds	**4,322,037**	4,972,243

28 Reconciliation of net income to net cash inflow from operating activities

	2022 £	2021 £
Net income	**10,071,576**	6,057,422
Amortisation of intangible assets	**218,730**	417,980
Depreciation of tangible assets	**3,422,745**	3,482,493
Diminution in value of investment property	**8,173**	720,521
Current pension service income	**(140,000)**	(101,000)
(Increase) / decrease in stock	**(44,814)**	161,899
(Increase) / decrease in debtors	**(1,337,848)**	1,001,181
Decrease in creditors	**(379,562)**	(1,436,556)
Interest paid	**438,370**	483,703
Interest received	**(5,618)**	(8)
Net losses / (gains) on fixed asset investments	**128,032**	(138,784)
Net cash provided by operating activities	**12,379,784**	10,648,851

29 Pension costs

The Royal Academy, together with its subsidiary undertakings, participates in a funded defined benefit pension scheme, operated by the Royal Academy of Arts Pension Scheme ("the Scheme"), providing benefit based on final pensionable salary. The assets of the Scheme are held independently from those of the Royal Academy.

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to the members' final salary at retirement and their length of service up to the date on which the Scheme closed to future accrual, being 30 September 2016.

The Scheme is a registered scheme under UK legislation and was not contracted out of the State Sector Pension prior to the cessation of contracting out from 6 April 2016.

The Scheme is subject to the scheme funding requirements outlined in UK legislation.

The Scheme was established from 3 January 1985 under trust and is governed by the Scheme's definitive trust deed and rules dated 31 March 1998. The trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy.

A full actuarial valuation of the Scheme was carried out as at 31 August 2019 and has been updated to 31 August 2022 by a qualified independent actuary. The next full actuarial valuation of the Scheme will be as at 31 August 2022.

The value of the liabilities at the reporting date have been estimated by updating the results of the actuarial valuation as at 31 August 2019 to allow for the passage of time, actual inflation experience, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31 August 2019 to 31 August 2022.

Since June 2006 the Scheme has been closed to new members and closed to future accrual on 30 September 2016.

The major assumptions used by the actuary were (in nominal terms) as follows:	**2022**	2021
Discount rate	**4.2%**	1.6%
Inflation assumption (RPI)	**3.5%**	3.3%
Inflation assumption (CPI)	**2.7%**	2.4%
Rate of increase in salaries	**3.5%**	3.3%
Pension increases for service accrued:		
Pre 6 April 1997	**2.5%**	2.4%
6 April 1997 to 30 September 2006	**3.3%**	3.2%
Post 30 September 2006	**2.2%**	2.1%
Assumed life expectancies on retirement at age 60 are:		
Retiring in 2022 - Males	**26.3**	26.7
Retiring in 2022 - Females	**29.0**	29.3
Retiring in 2042 - Males	**27.8**	28.2
Retiring in 2042 - Females	**30.4**	30.8

The assumptions used in determining the overall expected return of the Scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins.

29 Pension costs (continued)

The assets in the Scheme were:	**2022**	2021
	£	£
Equities or equivalent	**10,779,000**	14,373,000
Corporate bonds	**18,970,000**	25,183,000
Cash	**479,000**	844,000
LDI funds	**7,801,000**	13,356,000
Fair value of Scheme assets	**38,029,000**	53,756,000
Present value of funded obligations	**(31,585,000)**	(45,068,000)
Surplus in funded Scheme	**6,444,000**	8,734,000
Net asset in balance sheet	**6,444,000**	8,734,000

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	**2022**	2021
	£	£
Benefit obligation at beginning of year	**45,022,000**	45,068,000
Interest cost	**712,000**	665,000
Actuarial (gains) / losses	**(13,146,000)**	827,000
Benefits paid	**(1,003,000)**	(1,538,000)
Benefit obligation at end of year	**31,585,000**	45,022,000

Reconciliation of opening and closing balances of the fair value of Scheme assets:	**2022**	2021
	£	£
Fair value of Scheme assets at beginning of year	**53,756,000**	51,780,000
Interest income on Scheme assets	**852,000**	766,000
Return on assets, excluding interest income	**(15,576,000)**	2,748,000
Benefits paid	**(1,003,000)**	(1,538,000)
Fair value of Scheme assets at end of year	**38,029,000**	53,756,000

The amounts recognised in the SOFA:	**2022**	2021
	£	£
Net interest on the defined benefit pension scheme asset	**(140,000)**	(101,000)
Total income	**(140,000)**	(101,000)

Remeasurement of the defined benefit pension scheme asset:	**2022**	2021
	£	£
Actuarial (gains) / losses on the liabilities	**(13,146,000)**	827,000
Return on assets, excluding interest income	**15,576,000**	(2,748,000)
Total remeasurement of the defined benefit pension scheme asset	**2,430,000**	(1,921,000)

30 Authorised and contracted capital expenditure

a. Group

	Total project cost £	Costs expensed to the SOFA £	Assets in service £	Assets in course of construction £	Authorised but not contracted for £
Other projects	340,799	-	-	340,799	-
Burlington Project - Phase II	17,800,000	169,044	1,446,547	4,138,940	12,045,469
Burlington Project - Phase III	5,000,000	-	-	486,203	4,513,797
Other Burlington Projects:					
Façade	750,000	-	-	44,604	705,396
Total	**23,890,799**	**169,044**	**1,446,547**	**5,010,546**	**17,264,662**

b. Royal Academy

	Total project cost £	Costs expensed to the SOFA £	Assets in service £	Assets in course of construction £	Authorised but not contracted for £
Other projects	328,672	-	-	328,672	-
Burlington Project - Phase II	17,800,000	169,044	1,446,547	4,138,940	12,045,469
Burlington Project - Phase III	5,000,000	-	-	486,203	4,513,797
Other Burlington Projects:					
Façade	750,000	-	-	44,604	705,396
Total	**23,878,672**	**169,044**	**1,446,547**	**4,998,419**	**17,264,662**

Burlington Project - Phase II is the redevelopment of the Royal Academy Schools. The work has been split into two phases. A smaller first phase created new workshop spaces in 6 Burlington Gardens. These were completed to budget in early 2022. A more significant second phase will refurbish the Royal Academy Schools main footprint in Burlington House starting in late 2022 and due to complete in early 2024. Knight Harwood were the main contractors for the 6 Burlington Gardens works and a contract appointing them for the second phase was signed in December 2022. General inflation has pushed up costs and there are procurement issues with certain materials such that an increased total budget of £22.0m was approved by Council in November 2022, £4.2m higher than the previous £17.8m budget approved in April 2021.

Burlington Project - Phase III is the redevelopment of the Collection Gallery. This is currently at an early design stage with the intention that the construction phase commences no later than July 2025. Total costs are estimated at £5.0m and this has been fully fundraised, with the funds held by the Royal Academy Trust until required by the Royal Academy. £0.5m was donated by the Royal Academy Trust in 2018, with a further £0.5m in 2019 in respect of costs incurred to date with the balance being held in cash at bank. The remaining £4.0m is being held and invested by the Royal Academy Trust until required by the Royal Academy.

The façade project is in respect of the restoration and the cleaning of the Burlington House façade. This project is at a preliminary design stage but a £0.7m budget was approved by Council in April 2021. This has been fully fundraised for and is included in cash at bank less project costs incurred to date.

31 Contingent liabilities

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2022 (2021: none).

32 Financial commitments

a. Group

At 31 August total commitments under operating leases were as follows:

	Land and buildings	**Other**	**2022 Total**	Land and buildings	Other	2021 Total
	£	**£**	**£**	£	£	£
Under one year	**223,636**	**455,002**	**678,638**	38,012	432,618	470,630
Two to five years	**790,189**	**496,082**	**1,286,271**	114,036	835,952	949,988
Over five years	**1,856,595**	**-**	**1,856,595**	-	-	-
Total	**2,870,420**	**951,084**	**3,821,504**	152,048	1,268,570	1,420,618

b. Royal Academy

At 31 August total commitments under operating leases were as follows:

	Land and buildings	**Other**	**2022 Total**	Land and buildings	Other	2021 Total
	£	**£**	**£**	£	£	£
Under one year	**223,636**	**413,896**	**637,532**	38,012	398,568	436,580
Two to five years	**790,189**	**494,467**	**1,284,656**	114,036	814,687	928,723
Over five years	**1,856,595**	**-**	**1,856,595**	-	-	-
Total	**2,870,420**	**908,363**	**3,778,783**	152,048	1,213,254	1,365,302

33 Financial instruments

The financial statements include the following financial instruments at 31 August:

	Group		**Royal Academy**	
	2022	2021	**2022**	2021
	£	£	**£**	£
Financial assets measured at amortised cost	**2,492,581**	1,261,541	**3,075,033**	2,723,344
Financial liabilities measured at amortised cost	**13,460,279**	17,241,729	**13,023,522**	17,246,195
Financial assets measured at fair value	**1,742,057**	1,870,089	**1,742,057**	1,870,089

34 Related party transactions

Those in positions of authority within the Group, including trustees, Council members and directors, use facilities of the Group on the same terms as other Royal Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, *Summer Exhibition*, and auctions, and also the use of catering facilities. For the year ended 31 August 2022, all transactions with related parties are considered within the scope of normal transactions.

Income of £nil (2021: £nil) was received from R.A. Enterprises Limited, as 100% of their net income for the year was offset by prior year losses. In addition, R.A. Enterprises Limited was recharged salaries of £1,576,604 (2021: £1,928,041) and other expenses of £482,014 (2021: £85,610), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £1,324,616 (2021: £1,808,884) was owed and included within the Royal Academy's debtors.

Income of £446,646 (2021: £nil) was received from Burlington House Limited, being a distribution of 100% of their net income for the year, offset by prior year losses. In addition, Burlington House Limited was recharged expenses of £142,238 (2021: £nil). At the year end, £38,623 (2021: £227,697 creditor) was owed and included within the Royal Academy's debtors.

Income of £1,465,636 (2021: £568,407) was received from RA (Arts) Limited, being a distribution of 100% of their net income for the year. In addition, RA (Arts) Limited was recharged salaries of £103,649 (2021: £65,878) and other expenses of £88,903 (2021: £128,263 recharged to RA), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £4,009 (2021: £81,287) was outstanding and included within the Royal Academy's creditors.

Income of £11,157,287 (2021: £11,144,509) was received from The Friends of the Royal Academy, of which £57,967 (2021: £696,014) relates to unrestricted legacy income received by The Friends of the Royal Academy and donated to the Coronavirus Emergency Support Fund, with the balance of £11,099,320 (2021: £10,448,495) being 100% of their net income for the year. In addition, The Friends of the Royal Academy reimbursed salary and other expenses recharged of £554,750 (2021: £802,240). At the year end, £246,433 (2021: £81,635) was outstanding and included within creditors.

In order to optimise cash management efficiency, the sterling current accounts of the Royal Academy, its subsidiary undertakings and The Friends of the Royal Academy are pooled, such that overnight all cleared debit and credit balances on the current accounts of these entities are set off into a single Royal Academy account. The debtor and creditor balances between each of the entities in this pooling group at the year end in part reflects this pooling arrangement.

During the year, the Royal Academy received income of £1,055,889 (2021: £2,969,498) from the Royal Academy Trust with donations of £nil towards Burlington Project - Phase I (2021: £2,000,000) and £1,055,889 (2021: £969,498) further donations to support various campaigns and projects undertaken. Donations of £1,648 to the Royal Academy Trust (2021: £15,328) relates to unspent funds from the cataloguing project. At the year end, £39,195 (2021: £435,941) was owed and included within the Royal Academy's debtors.

The trustees donated a total of £nil (2021: £nil) to the Royal Academy during the year.

THE ROYAL ACADEMY OF ARTS

England & Wales - Charity number 1125383

Accounts

THE ROYAL ACADEMY OF ARTS

(A Company Limited by Guarantee)

Registered Charity No. 1125383
Registered Company No. 06298947

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2021

The Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2021

Registered Charity No. 1125383

Registered Company No. 06298947

PRESIDENT AND COUNCIL:

In the financial year and at the date of signing:

President

Rebecca Salter PRA

Council

Sir David Adjaye OBE RA (appointed 5 October 2021)
His Honour Judge Tony Baumgartner
Helen Boaden
Prof Sonia Boyce OBE RA (appointed 5 October 2021)
Stephen Chambers RA (appointed 6 October 2020)
Ann Christopher RA (appointed 6 October 2020; resigned 5 October 2021)
Richard Deacon CBE RA (appointed 5 October 2021)
Simon Friend
Piers Gough CBE RA (appointed 6 October 2020; resigned 5 October 2021)
Prof Lubaina Himid CBE RA (appointed 6 October 2020)
Gary Hume RA
Louisa Hutton OBE RA (resigned 6 October 2020; appointed 5 October 2021)
Vanessa Jackson RA (resigned 5 October 2021)
Isaac Julien CBE RA (appointed 5 October 2021)
Jock McFadyen RA (appointed 6 October 2020)
Níall McLaughlin RA (appointed 2 March 2021; resigned 5 October 2021)
Humphrey Ocean RA (resigned 5 October 2021)
Grayson Perry CBE RA
Professor Cathie Pilkington RA (resigned 6 October 2020)
Fiona Rae RA (appointed 6 October 2020; resigned 5 October 2021)
Eva Rothschild RA
Emma Stibbon RA (appointed 5 October 2021)
Peter St John (Adam Caruso and Peter St John RA) (appointed 6 October 2020; resigned 5 October 2021)
Prof Alison Wilding OBE RA (appointed 5 October 2021)
Ron Arad RA (resigned 6 October 2020)
Michael Landy RA (resigned 6 October 2020)
Prof David Mach RA (resigned 14 September 2020)
Prof Farshid Moussavi RA (resigned 6 October 2020)
Hughie O'Donoghue RA (resigned 18 September 2020)
Peter Randall-Page RA (resigned 6 October 2020)
Chris Wilkinson OBE RA (resigned 6 October 2020)

Officers

Rebecca Salter PRA	President
Professor Cathie Pilkington RA	Keeper
Chris Wilkinson OBE RA (retired 31 October 2020)	Treasurer
Peter St John (Adam Caruso and Peter St John RA) (appointed 1 November 2020)	Treasurer
Axel Rüger	Secretary and Chief Executive

Company Secretary

Benedict Anstey

Senior Leadership Team

Charlotte Appleyard	Director of Development & Business Innovation
Eliza Bonham Carter	Curator and Director, RA Schools
Carl Hitchcock	Director of Finance
Rebecca Lyons	Director of Collections & Learning
Natasha Mitchell	Director of Corporate Services
Jo Prosser	Director of Audience & Experience
Andrea Tarsia	Director of Exhibitions

Royal Academy Committees
at the date of signing[1]:

Finance Committee
Treasurer *ex officio* (Chair)
Simon Friend
Pesh Framjee
Andrea O'Keeffe
Conrad Shawcross RA
Peter Williams
Bill Woodrow RA

Exhibitions Committee
Stephen Chambers RA (Chair)
Professor Josephine Dawn Ades CBE FBA
John Akomfrah CBE RA
Professor Brian Catling RA
Anne Desmet RA
Louisa Hutton OBE RA
Professor Chantal Joffe RA
Dorothy Price
Ben Thomas
President *ex officio*
Treasurer *ex officio*
Keeper *ex officio*

Audit Committee
Simon Friend (Chair)
John Collier
Spencer De Grey RA
Anne Desmet RA
Clive Humby

Remuneration Committee
Helen Boaden (Chair)
John Collier
Kerstin Mogull
Eric Parry RA
Bill Woodrow RA

Professional Advisors:

Auditors
Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers
Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2R 8LA

Investment Managers
Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Solicitors

Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Withers LLP
16 Old Bailey
London EC4M 7EG

Birketts LLP
141-145 Princes Street
Ipswich IP1 1QJ

Registered Office
Burlington House
Piccadilly
London W1J 0BD

[1] Other committees of Council not detailed here are: Annual Dinner Committee; Architecture Committee; Buildings Committee; Collections and Library Committee; Learning Committee; RA Schools Committee; and Summer Exhibition Committee.

The Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2021

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

The Royal Academy of Arts ("Royal Academy" or "RA" or "Academy") was incorporated as a company limited by guarantee on 2 July 2007, company registration number 06298947, and registered as a charity on 6 August 2008, charity registration number 1125383.

The incorporated Royal Academy commenced trading on 1 September 2009 following the transfer of the net assets and undertakings from the unincorporated Royal Academy, charity registration number 212798.

The Royal Academy today continues to aspire, in the words of its 18th century founders, to "promote the arts of design". It believes in learning through first-hand experience of the arts and is unique in its combination of practical work, exhibitions, and learning programmes.

Royal Academicians are painters, sculptors, architects, engravers, printmakers, and draughters elected by their peers for their distinction as artists. There are up to 100 active Academicians (under the age of 75) who form the General Assembly and a number of Senior Academicians (over the age of 75). Royal Academicians and Senior Academicians constitute the membership of the RA as a company and charity.

The Royal Academy receives no direct revenue support from the government or any other public body.

The Royal Academy's charitable objects are:

- The promotion of the arts of design.
- The education of the public in the creation, enjoyment, appreciation, and understanding of the arts, through exhibitions, educational programmes, and debate by all charitable means as the members of Council may think fit.

Governance and management

Council

The Royal Academy is governed by its Board of Directors or trustees, who are referred to as the Council of the Royal Academy. Council consists of thirteen Academicians, up to three individuals who are not Academicians, and the President.

- Six seats in Council go by rotation/succession to all the Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Three seats in Council go to newly elected Academicians. These individuals serve on Council for one year and may be re-elected for two further terms of two years.
- Four seats in Council are elected by the General Assembly from all serving Academicians. These individuals serve on Council for two years and may be re-elected for two further terms of two years.
- Up to three "external" (non-Academician) members of Council are chosen and recommended by Council and approved by the General Assembly. These individuals serve on Council for two years and may be re-elected for two further terms of two years.

The President serves on Council, *ex officio*. The President has no vote at Council unless the votes are equal, in which case the President has the casting vote. The Keeper, the Treasurer and the Secretary and Chief Executive attend Council but are not members of Council.

Council normally meets monthly between October and the following July (but not in January); however, to direct the Royal Academy through the Covid-19 pandemic, Council met fortnightly from September until December 2020, every three weeks from January to July 2021, and then in September, October, and December 2021. Going forward, it is intended for Council to meet at least six times a year.

General Assembly

Royal Academicians meet collectively in General Assembly. There are at least two General Assemblies annually. Additional General Assemblies may be held in accordance with the Laws.

The responsibilities of General Assembly include:

- election of the three Academician Officers: the President, the Keeper, and the Treasurer and approval of the appointment of the Secretary and Chief Executive;
- approval of changes in the Laws;
- election of two Academicians to Council each year;
- approval of certain appointments made by Council, including external members of Council;
- election of Academician members of the Audit Committee;

- approval of the appointment of auditors and receiving a report on the Annual Report and Consolidated Financial Statements each year;
- election of Professorships and other honorary positions;
- consideration of matters relating to members' affairs.

Officers

The Officers of the Royal Academy are the President, the Keeper, the Treasurer, and the Secretary and Chief Executive.

The President:

- acts as the formal representative of the RA to the outside world;
- chairs General Assembly, Council and Committees of Council where appropriate;
- works closely with the Secretary and Chief Executive to ensure that all aspects of the stewardship of the RA as determined by Council are executed through the Secretary and Chief Executive by the Senior Leadership Team and staff.

The Keeper:

- acts as the formal representative of the RA Schools to the outside world, General Assembly and Council;
- works to ensure that the stewardship and academic performance of the RA Schools are maintained to the appropriate standards;
- represents the Academicians in their dealings with the RA Schools.

The Treasurer:

- acts as the formal representative of the Academicians on all matters concerning finance;
- chairs the Finance Committee and reports to Council on the Finance Committee's work;
- ensures that Council (through the Finance Committee) are provided with budgets and reports for all exhibitions.

The Secretary and Chief Executive:

- acts in the accepted and generally understood role of Secretary and Chief Executive, both within the RA and externally;
- is responsible for the strategic, cultural, and business aspects of the organisation and the administration;
- advises the President and Council on proposed strategies or changes in strategy to realise Council's objectives.

Senior Leadership Team

The Senior Leadership Team ("SLT") comprises a number of senior members of staff (directors) and is led by the Secretary and Chief Executive. The SLT is responsible for implementing policies and strategies approved by Council.

Committees

The Exhibitions Committee is responsible to Council for the exhibitions programme of the Royal Academy, with the object of crossing cultures and periods and aiming to engage, inspire, and resonate with both the Royal Academy's broad audiences and its members. The Committee usually meets at least four times a year.

The Finance Committee is responsible to Council for overseeing the financial management of the Royal Academy. The Committee has delegated authority from Council to review and approve the day-to-day running of the Royal Academy from a financial perspective, escalating any material issues by exception to Council. The Finance Committee usually meets at least four times a year.

The Audit Committee is responsible to both General Assembly and Council for overseeing the preparation of the RA's Annual Report and Accounts, the management and mitigation of organisational risk, and for the appointment and assessment of external and internal auditors. The Committee usually meets at least three times a year.

The Remuneration Committee has delegated authority from Council to set the broad remuneration policy of the Royal Academy and specifically the remuneration of the Secretary and Chief Executive, SLT and the stipends of the Officers. The Remuneration Committee is responsible to Council for pension arrangements for RA employees and for any enhanced, organisation-wide redundancy packages. The Remuneration Committee meets at least once but normally three times a year.

Trading subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited (company no. 1666333), Burlington House Limited (company no. 2216104), and RA (Arts) Limited (company no. 2836364). Although these are separate legal entities, they are regarded as part of the Royal Academy "group" for management purposes and are included in the consolidated financial statements.

Connected charities

The Royal Academy Trust, set up in 1981 to provide funds for the support of the Royal Academy, is separately registered as a charity with its own trustees (charity no. 1067270). As it is not controlled by the Royal Academy, its resources have not been consolidated with those of the Royal Academy.

The Friends of the Royal Academy, a separate charity with its own trustees, was incorporated as a company limited by guarantee in December 1976 to support the work of the Royal Academy (charity no. 272926, company no. 1291535). As with the Royal Academy Trust, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Another separate, independent organisation – Royal Academy America – based in New York, existed to raise money for the Royal Academy. As with the Royal Academy Trust and Friends of the Royal Academy, this entity was not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy. On 30 September 2020, a certificate of dissolution was signed, as part of the process for winding up this entity. Royal Academy fundraising in the U.S. is now conducted through a partner organisation – the King Baudouin Foundation.

Trustees' duties in relation to Section 172 of the Companies Act 2006

Members of Council, as directors of the Royal Academy, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the organisation, and in doing so have regard (amongst other matters) to:

- The likely consequences of any long term decision;
- The interests of the organisation's employees;
- The need to foster the organisation's business relationships with suppliers, customers, and others;
- The impact of the organisation's operations on the community and the environment; and
- The desirability of the organisation to maintain a reputation for high standards of business conduct.

This report summarises above the Royal Academy's governance framework. The Royal Academy's values and behaviours and how it has engaged with stakeholders throughout the year are considered further in this report. Council has considered the views and needs of key stakeholders in Council discussions and decision making. The following are not intended to be an exhaustive list but are illustrative of how Council has fulfilled its duties throughout the year.

Decision making

New Council members receive a comprehensive induction and ongoing training, including a detailed "induction pack" of documents, which includes:

- Guidance on trustees' roles and duties;
- A specific Code of Conduct for Council members;
- A copy of the Royal Academy's constitutional documents (Memorandum and Articles of Association and RA Laws), together with the Administrative Instructions, which describe the administrative structure of the Royal Academy and provide guidance as to its processes of management and administration;
- Annual reports and financial management reports;
- Minutes of previous meetings;
- Relevant RA policies and procedures;

They also have an induction session before the first (October) Council meeting of the financial year, conducted by the RA's President, General Counsel, Secretary and Chief Executive, Director of Finance and Director of Corporate Services, which includes key information on organisation finances and strategy, live issues requiring Council consideration, and an explanation of Council roles and responsibilities.

Both new and continuing Council members are provided with charity trustee training run externally by a specialist law firm.

The Secretary and Chief Executive, together with the SLT, have delegated authority for the day-to-day running of the Royal Academy, and are accountable to Council for this. At each meeting, Council receives reports from the President and Secretary and Chief Executive, assessing organisation impact, financial performance and updating on key operational issues.

Council, Committees, and the SLT keep principal organisational risks under review. For further details on our risk management framework and principal risks and uncertainties please refer to page 24.

Stakeholder engagement

Staff and volunteers
The Royal Academy's staff, together with its casuals and volunteers, are central to its ability to deliver its charitable mission. The Royal Academy has a clear set of values linked to its mission and is committed to being both an inclusive, diverse, and flexible employer. The Royal Academy works to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability, or any other protected characteristics. Further information on gender pay and reporting, diversity and inclusion and disability and wellbeing is provided in other sections of this report. The Royal Academy will continue its work on inclusion and racial equity across all aspects of the RA and is mindful of the ways that it can rebuild its programmes and the organisation to make every visitor feel welcome, and to create a more equitable workplace and place of study.

Business relationships with suppliers, customers, and others
The delivery of the Royal Academy's charitable aims and objectives is dependent on a range of relationships with suppliers and other business partners. Council has encouraged the Senior Leadership Team and wider management to develop and maintain trusted partnerships with both and expects the Royal Academy's partners to be aligned with its values. The Royal Academy seeks to act with honesty and integrity in all it does to deliver the best value for money in our mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." Partner organisations are expected to comply with the requirements of any professional standards, or trade bodies, depending on their activities, and all applicable laws, statutes, regulations, and codes of practice relating to anti-bribery and anti-corruption.

The Royal Academy has a zero-tolerance approach to modern slavery and strives to act ethically and with integrity in all its business dealings and relationships to ensure that modern slavery does not take place in its own organisation or in any of its supply chains. The Royal Academy will continue to ensure that this approach is clear to partner organisations.

Further details of the Royal Academy's policies in relation to its business relationships with companies, suppliers, customers, and others, including supplier Terms and Conditions are available on the Royal Academy's website and a statement on Modern Slavery can be found at: royalacademy.org.uk/modern-slavery-and-human-trafficking-statement.

Sustainability and environmental impact
Council recognises the threats posed by climate change, pollution and resource depletion and the need to address these through effective and ethical decision making. The Royal Academy launched a Sustainability Taskforce in 2019 with a series of commitments to ensure that its environmental and economic impact are considered. Further information on sustainability initiatives can be found on page 17, along with our Streamlined Energy and Carbon Reporting (SECR).

Approaches to governance
The Royal Academy and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

Governance reviews
The Royal Academy regularly reviews its governance structure and processes, including commissioning external reviews in 2016 and 2020. This has included assessment against the seven Principles of the Charity Governance Code. Some improvements made as a result of these reviews include:

- Reviewed memberships of committees and governance bodies and introducing clear and precise terms of reference;
- Improved Council induction and training;
- Changed approaches to minute-taking, recording, and managing conflicts of interest.

The Royal Academy is currently undertaking a review of its committees' structure. This review aims to improve the effectiveness of the RA's governance structure and reduce the resource demand on the organisation, particularly considering the strategy of achieving sustainability and the recent organisational restructure. Implementation of any changes is anticipated before September 2022. The review, and subsequent work, will closely consider matters raised in the previous governance reviews, which align with the Principles of the Charity Governance Code (as updated in 2020) including: skills assessments; terms of reference; Council and Committee effectiveness and self-assessment; and paper distribution.

Updated constitutional documents
On 27 July 2021, General Assembly approved amendments to the RA's Laws and Memorandum and Articles of Association. The amendments included allowing remote meetings for Academician election meetings and for General Assemblies. Council also approved adopting permanently a "Remote Ballot" process for the first round of voting, for election of new Royal Academicians. These changes will enable wider participation by Academicians, help to elect more Academicians (the current number being significantly below the maximum of 100), and provide more resilience against any future restrictions on meeting in person. At

the same time as making these changes, the RA's constitutional documents were updated to remove use of binary gender pronouns, without affecting the substantive meaning of the documents.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Royal Academy continues and that appropriate adaptations are made. It is the policy of the Royal Academy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Royal Academy places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Royal Academy. This is achieved through formal and informal meetings including regular All Staff Meetings and on the Royal Academy's intranet. This has been particularly important and challenging during the Covid-19 pandemic, during which regular All Staff Meetings have been held using Zoom and these have been supplemented with regular all staff e-mails sent by both the Secretary and Chief Executive and the President.

In response to financial challenges presented by protracted closure of the Academy due to Covid-19, the organisation also underwent a significant restructure which reduced its headcount by c. 27%. To deliver this, the RA engaged in a collective consultation with its staff. A staff consultation forum was created with nominated staff representatives and the RA also invited union representatives from the Prospect Union to attend in an informal capacity to support their members. Following the conclusion of the consultation period, staff representatives requested that the Senior Leadership Team consider putting in place a more permanent staff communications body. In July 2021, the RA announced its intention to create the first ever Staff Council. Staff Representatives were nominated in August 2021 and the first meeting held in September 2021.

Strategic review

In autumn 2019, the Royal Academy began a strategic review of its operations and objectives. A first assessment of the state of the RA was presented to Council in February 2020. This review followed the previous five-year Strategic Plan 2013-2018, which covered the five years leading up to the RA's 250th anniversary – a period of substantial expansion. The review asserted that significant changes to the organisation were needed to place the RA on a more sustainable financial footing. It reflected the assessment of the Secretary and Chief Executive and identified the need to create a robust model for the future.

Covid-19 pandemic

As these changes were being considered the situation was exacerbated by the onset of the Covid-19 pandemic which forced the RA to close its doors to the public in March 2020. The RA remained closed for almost four months and revenue from all income streams ceased, save for continued contributions from Friends, Patrons, corporate sponsors, and e-commerce. The RA was able to reopen its doors in July 2020 under government restrictions but with a much-reduced visitor capacity allowing for 20-25% of normal attendance.

The impact of the pandemic continued into the financial year 2020/21. The RA was forced to close again on 5 November 2020, reopening for two weeks in December only to close once more – this time for five months until 18 May 2021. All this meant that the RA was closed to the public for exactly half of the financial year. There have been gradual increases in visitor capacity since the final government restrictions were lifted on 19 July 2021, though only to about 50% by the end of the financial year. Many income-generating activities, including an expanded public programme of events and lectures, have not resumed.

Given the impact of the pandemic, at the beginning of the financial year the RA forecast an annual deficit of £10m for the next two financial years. Moreover, the projected timeline for managing the impact of the virus, coupled with the wider economic outlook over the next two years, suggested it could take as long as five years for the RA to return to pre-pandemic income levels.

Core RA and restructuring

The strategic plan developed before the onset of the Covid-19 pandemic was reviewed in the summer of 2020 and in September 2020 the RA developed a vision for its programme of activity, audience strategy, and cost base to ensure its survival over the five years to 2025. To ensure the long term financial sustainability of the RA, a "core RA" organisational structure was

established, aimed at delivering £8.0m annual cost savings. This formed the basis of an organisation-wide restructure at the start of the financial year 2020/21.

Following on from the restructuring of the Senior Leadership Team in September 2020 (see further below), the organisation announced a significant cost reduction programme and consequent restructuring process. The collective consultation with staff ran between 22 October and 7 December 2020 and a substantial redundancy programme was completed in early 2021, which resulted in over 100 roles being made redundant. The cost of restructure was £2.2m and achieved total cost savings of c. £7.7m, of which c.£3.8m was driven by a c. 27% reduction in headcount, falling just short of the £8.0m annual savings target. Approximately £7.0m of these savings have been retained in the operating budget for the 2021/22 financial year, with additional costs primarily supporting improved revenue projections for the forthcoming year.

Vision 2021-25

The Royal Academy of Arts is one of the oldest arts organisations in the United Kingdom. Founded in 1768 by a group of artists, it has remained an artists' association led by its members, the Royal Academicians, to the present day. As a "home for art, artists, and architects" the RA has a founding mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate". In order to face the financial challenges presented by the Covid-19 pandemic, the RA intends to focus on the core activity that supports these founding principles: the membership of Royal Academicians, the RA Schools, the exhibition programme, the Collections, and the commitment to learning.

To protect and sustain the core RA activities, in the immediate future the RA will:

Focus on an essential programme that serves its audiences

Critical to this is an ambitious, international, inspiring, and diverse exhibitions programme, as well as continued engagement with audiences on site, online and in print.

Continue to welcome and serve its audiences

The RA is known for its warm and convivial atmosphere and the sense of community it creates. It will need to continue to provide the characteristic hospitality and safe environment that RA audiences have come to expect and to uphold an excellence of experience, onsite and online.

Prioritise cost reduction for a five-year horizon

The recent history of the RA has been defined by growth; the opening of the RA's new extended campus in 2018 sparked growing ambitions, increasing levels of activity and an expanding staff base. In the next five years, the RA will need to focus on sustainability and reinforce the foundations of its operating model.

In response to the shortfall in income due to Covid-19, during the current year and for the following year at least the RA continues to reduce activity. This period will act as a "circuit breaker", saving a significant amount of money and setting the RA up for a phase of recovery. The next three years will be defined by a disciplined and sustainable approach as the RA rebuilds following Covid-19.

Proactively support equity and inclusion

*A*t the Royal Academy we work to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability, or any other protected characteristics.

We continue our work on inclusion and race equity across the RA, having established three working groups and a regular schedule of meetings and reporting. The RA has set institutional goals for better data collection to enable target setting and further work by individual pillars is detailed below. As we rebuild our programmes and our institution to make every visitor feel welcome, we aim to create a more equitable workplace and place of study.

In June 2021, the Royal Academy issued a public apology to the artist Jess de Wahls following an announcement on its social media to the effect that her products would no longer be sold in the RA Shop. The RA post, a response to criticism received regarding the artist's views on gender rights and as expressed in her online blog, led to substantial debate in the media and

amongst RA stakeholders. The RA apology was largely well received, and a review of social media protocol and communications processes has since taken place.

Continue to improve the sustainability of its infrastructure
The RA recognises the importance of environmental sustainability and is determined to implement sustainable practices. The RA is committed to acting responsibly and sustainably, and to this end has established the Sustainability Taskforce group to provide a forum for discussion and collaboration, to strengthen the organisation's vision and ambitions for becoming more environmentally sustainable, and to encourage staff to commit to their individual responsibilities to act more sustainably.

Continue to invest in a responsible way
The RA recognises the importance of being guided by strong ethical principles and ensuring that our values are embedded in our plans and actions. As part of these guiding principles, the RA is committed to investing its funds in a socially responsible basis. In June 2021, Council approved the RA's Ethical Investment Policy ("the Policy"). The Policy has been developed with the intention of active promotion of investment in companies and investment funds which demonstrate policies and practices that are in line with the RA values of strong ethical principles. The Policy applies to the full scope of the investments held by the RA. The RA believes that to accord with its values when investing its funds, regard must be made to Environmental, Social and Governance ("ESG") issues. The Finance Committee will monitor the operation and the effectiveness of the Policy and provide Council with an annual update.

Royal Academicians
Peter St John (Adam Caruso and Peter St John RA) was elected as the Treasurer in November 2020, following the retirement of Chris Wilkinson OBE RA.

The RA was saddened to learn of the deaths over the past year of Professor Trevor Dannatt OBE RA who died aged 101, our former President, Professor Phillip King CBE PRA, and Dame Elizabeth Blackadder DBE RA.

Senior Leadership Team
In September 2020 the Royal Academy restructured its former Executive Board and announced a new Senior Leadership Team to support decision making and execution across the organisation. This resulted in two new appointments on to the Senior Leadership Team, with Rebecca Lyons joining as Director of Collections and Learning and Andrea Tarsia joining in a new role as Director of Exhibitions. Jo Prosser and Natasha Mitchell took on expanded roles as Director of Audience and Experience and Director of Corporate Services respectively.

Led by the Secretary and Chief Executive, seven directors have responsibility for the following areas: Exhibitions, Audience and Experience, Collections and Learning, the RA Schools, Development, Corporate Services, and Finance.

ACTIVITIES, ACHIEVEMENTS, AND IMPACT

Review of activities
Looking back on 2020/21, we chart our progress within the seven pillars described above.

1. Exhibitions

Main Galleries
Sibling duo Jane and Louise Wilson RA were coordinators of the *Summer Exhibition 2020* (6 October 2020 – 3 January 2021). Once again, the Summer Exhibition was generously supported by Insight Investment. Due to the closures enforced by the Covid-19 pandemic, the exhibition fell in autumn / winter for the first time in its 252-year history. The exhibition was visited by a total of 41,005 people and reflected on identity, immigration, contested borders, ecological threat, climate change and pro-democracy protest. RA President Rebecca Salter chaired a selection committee comprising Royal Academicians Sonia Boyce, Eileen Cooper, Richard Deacon, Stephen Farthing, Isaac Julien, and David Remfry. The exhibition accommodated all disciplines, from painting and sculpture to installation, film, photography and digital.

A body of 116 new iPad works made up *David Hockney: The Arrival of Spring, Normandy, 2020* (18 May – 26 September 2021), supported by Petr Aven, The Mead Family Foundation, Charles Stanley Wealth Managers, Bottega Veneta, and Offer

Waterman. The exhibition charted the unfolding of spring in rural Normandy when much of the world was in a state of lockdown. In contrast to some of the more sober responses those events elicited, Hockney's focus on the emergence of spring was a celebration of the joy in the natural world. Thanks to the generosity of the artist and exhibition partner Centre for Fine Arts, Brussels (BOZAR) the exhibition run was extended over five months, first in part of our Main Galleries and for the final two months in the Gabrielle Jungels-Winkler Galleries in Burlington Gardens. A total of 121,755 people were able to visit the exhibition under reduced capacity. The exhibition received widespread press coverage, with Hockney being interviewed for the *Andrew Marr Show*, *Channel 4 News* and *The Guardian*.

Gabrielle Jungels-Winkler Galleries

Gauguin and the Impressionists: Masterpieces from the Ordrupgaard Collection (7 August – 18 October 2020) was an exhibition of 60 paintings, including works by Manet, Monet, Morisot, Degas, and Gauguin, from the collection of twentieth century art collectors Wilhelm and Henny Hansen. The exhibition focused on French paintings from the collection once displayed at their house, Ordrupgaard, just outside Copenhagen. The Hansens collected Impressionist works, pre-Impressionist artists such as Corot and Courbet, and artists associated with the Barbizon School such as Dupré and Daubigny. The exhibition was due to open in March 2020 but was delayed due to the national lockdown. Thanks to the generosity of our exhibition partner Ordrupgaard, Copenhagen it opened in August 2020 and was seen by 24,672 visitors under a very limited capacity.

Tracey Emin / Edvard Munch: The Loneliness of the Soul (18 May – 1 August 2021) was supported by Art Fund, Galleria Lorcan O'Neill Roma, White Cube, Xavier Hufkens, Viking, and Petr Aven. A highly personal exhibition for Emin, the display highlighted the emotional parallels in the artistic approaches of both artists despite the century that separates them. It featured more than 25 of Emin's works including paintings, neons and sculptures, some of which were on display for the first time. These works, exploring themes of loneliness, grief, and heartache, were chosen by Emin to sit alongside a carefully considered selection of 18 oils and watercolours drawn from Munch's rich collection and archives in Oslo, Norway.

The exhibition, installed and ready to open in November 2020, was impacted by the second and third national lockdowns and the closure of the RA. Thanks to the generosity of lenders and the exhibition's partner, MUNCH in Oslo, the RA was able to coordinate new opening dates and a proper three-month run of the exhibition, which adapted to the uncertain reopening forecast. A total of 51,217 people were able to visit under capacity restrictions. The exhibition was well-reviewed, receiving five stars from the Times, and was accompanied by the BBC2 documentary *Tracey Emin / Edvard Munch: Between the Clock and the Bed.*

Sackler Wing of Galleries

"A magical master" was the headline to the Guardian's five-star review of *Michael Armitage: Paradise Edict* (22 May – 19 September 2021), supported by White Cube, BNP Paribas, Matthew Barzun and Brooke Brown Barzun, Lars Bane and The Magic Trust. Exploring East African society, politics and culture, the exhibition elicited an enthusiastic response from the press and public alike. Fifteen large-scale paintings by the Kenyan-British artist sat alongside a gallery dedicated to six contemporary East African painters: Asaph Ng'ethe Macua, Elimo Njau, Theresa Musoke, Jak Katarikawe, Sane Wadu, and Meek Gichugu. All are artists that have personal significance to Armitage and the works, exploring themes of East African society, history, politics, and religion, were chosen to chart the story of figurative painting in the region.

Armitage also curated an intervention in *Richard Deacon RA Selects*, juxtaposing the existing display in The Dame Jillian Sackler Sculpture Gallery with works by Magdalene Odundo, Wangechi Mutu and Chelenge van Rampelberg. The exhibition, due to open in February 2021, was delayed by the third national lockdown. Thanks to the generosity of lenders and the exhibition's partner, the RA was able to coordinate new opening dates, and a total of 30,131 people were able to visit the exhibition under capacity restrictions. The exhibition was organised with Haus der Kunst, Munich, along with generous assistance from the Nairobi Contemporary Arts Institute.

As a result of the Covid-19 pandemic two exhibitions were unfortunately cancelled, *Rita Angus: New Zealand Modernist* and *John Heartfield: Photography Plus Dynamite*. Three exhibitions were postponed to 2022: *Francis Bacon: Man and Beast, Whistler's Woman in White: Joanna Hiffernan*, organised in collaboration with the National Gallery of Art, Washington, and *Milton Avery: American Colourist*, organised in collaboration with the Modern Art Museum of Fort Worth and the Wadsworth Atheneum Museum of Art. *Marina Abramović* was postponed to autumn 2023.

Architecture

Programme

The RA continued its partnership with the London Festival of Architecture by hosting the festival's signature event, an open-call online symposium with over 325 registrations titled *Architecture and Inequity: New Practices of Care* (10 June 2021). The symposium brought together established and emerging voices from across the globe to have critical conversations about the responsibility of architects in creating equitable and caring environments. The symposium was recorded and is available to the public through the LFA's website.

The Annual Architecture Lecture (2 July 2021) celebrated its thirtieth anniversary having been postponed the previous year. The lecture was delivered to an online audience of 130 by Momoyo Kaijima and Yoshiharu Tsukamoto of celebrated Japanese architectural practice Atelier Bow-Wow. Media partners Dezeen published a recording of the lecture which has since been viewed more than 4,800 times. Furthermore, a pamphlet featuring the transcript of the lecture designed by Studio Julia will soon be sold in the RA shop.

"Counter Figures: The Future is a Common History" was a film and online event produced by the RA in collaboration with Central Saint Martins, UAL. As part of the project Jayden Ali (JA Projects), in collaboration with Black Females in Architecture and Adesola Akinleye, presented an alternative history that championed the making of a diverse public realm through an investigation of the RA and its setting.

The Architecture department continued to focus on creating and disseminating content through social media channels while the RA was closed, highlighting the range of architectural works in the RA Collections, and promoting new talent. A series of Instagram Lives and takeovers featured conversations with emerging practitioners and showcases of their work.

"Feminist Fictions" brought together women from a range of creative practices to talk about their work. "Landscapes of Care" was used to showcase emerging practitioners from the Future Architecture Platform. Other original series on Instagram focused variously on Islamic architecture, LGBTQI+ history month, architects' studios, and the team's picks from the Summer Exhibition.

The department also invited submissions to the RA's Lego Architecture Challenge @Home, which called on younger audiences to send in their visions of a caring city. Prizes were awarded to a jury-selected shortlist of commended projects, and the final winner was chosen by the public on Instagram.

Awards

The RA completed the third cycle of its Architecture Awards, delayed due to the Covid-19 pandemic, with Derwent London as headline sponsor and the British Council as international partner alongside founding partner the Dorfman Foundation.

In November 2020 the jury met remotely to select a winner from the four finalists of the Royal Academy Dorfman Award: AAU Anastas (Palestine), AOR Architects (Finland), BCKJ Architects (China), and WHBC Architects (Malaysia). The awards concluded with an online ceremony on 3 December 2020 featuring a special film announcing BCKJ Architects as the winner of the Royal Academy Dorfman Award. In addition, the ceremony featured a conversation between Cristina Iglesias, the winner of the 2020 Royal Academy Architecture Prize, and the chair of the jury, Norman Foster RA.

The Architecture team welcomed Vicky Richardson as Head of Architecture and Drue Heinz Curator following Kate Goodwin's departure in spring 2021.

2. Audience and Experience

Eight departments were brought together to form the Audience and Experience pillar in September 2020, uniting those responsible for attracting and retaining audiences for the RA. Following the consultation and reorganisation process, the focus has been on united objectives and targets, maximising the impact and ROI ("Return on Investment") of those activities that generate most connections.

Throughout the challenging period of closures, and the uncertainty that characterised those times, the Sales, Marketing, and Loyalty teams have managed the conversation with Friends, supporters, and the wider public. Tailored regular communications

connected different demographics with RA news and access to future programming and tickets. Managing expectations became key to maintaining loyalty and support among Friends; demand for *David Hockney: The Arrival of Spring, Normandy, 2020*, for example, was far higher than initial capacity forecasts would allow.

The Digital Content, Infrastructure, and E-commerce teams have also responded to shifts in audience behaviour and appetite accelerated by the pandemic. With pre-booking and ticketing essential for all visitors including Friends throughout 2020/21, the RA has been able to improve pre- and post-visit communications and capture visitor satisfaction feedback from all visitors for the first time. E-commerce and digital transactions prompted by email or social media have grown significantly, with e-commerce sales reaching £1.3m (c. 50% of retail sales).

In retail, both the team and the approach to range-planning were carefully redesigned to optimise sales through shops and online. Total sales of £2.7m were achieved, under 15% behind plan, despite closure to the public for half of the trading year. Onsite shop sales reached £1.3m, achieving an average conversion rate of over 30% and an average transaction value of nearly £16.50. Shops were laid out to remind customers of the pleasure of shopping in person, welcoming back an audience who had been engaging with the RA digitally and from afar.

The shift to e-commerce was significant and exciting. Historically, it has accounted for approximately 20% of sales, which increased to 50% with a record number of orders fulfilled from the RA's warehouse. Without an exhibition programme for half of the year, thematic product edits that celebrated the RA were developed and have proven a successful revenue stream.

Looking at RA Publications, *David Hockney: The Arrival of Spring, Normandy, 2020* has proved to be a bestseller, reprinting several times, and occupying the coveted No. 1 bestseller spot for weeks on Amazon's art book chart. Almost 50,000 copies have been printed to date, in several languages, driving significant revenue through retail and trade sales in the UK and internationally.

The Digital Content team continued to adapt to the building closures. Exhibitions were made accessible online with virtual tours of *Emin / Munch* and *David Hockney's Arrival of Spring in Normandy, 2020*. The online Summer Explorer for the Summer Exhibition was further developed to improve the browsing and buying of artworks.

These new digital initiatives, as well as press coverage, the RA Magazine, and social media engagement, all helped to maintain a sense of connection with the RA. This was reflected in the high retention and successful acquisition of Friends even when access to the buildings was not possible.

The heart of the Audience and Experience mandate is the drive to attract and welcome visitors to the RA itself. Great care was taken to ensure after each closure that returning to the RA was not only safe, secure, and distanced, but also beautiful, considered and creatively delivered – reinforcing the qualities that visitors had supported during closure. Wayfinding and circulation schemes are now designed to integrate with exhibition visual assets, in seasonal schemes that promote the RA's programme.

Positive visitor feedback and revenue signal the first steps of recovery.

3. Collections and Learning

RA Collections

This year the RA Collection acquired Diploma Works by Lubaina Himid RA and Níall McLaughlin RA. Himid's *Naming the Money: Paperworks* was marked by the inaugural RA online "In-Conversation" between the artist and the Director of Collections and Learning. McLaughlin's work featured in a display of architectural Diploma Works in the Drawings Cabinet, entitled "Memory and Modern Life".

When the RA has been open, audiences have been able to view works from the RA Collections in the Collection Gallery and The Julia and Hans Rausing Hall. The John Madejski Fine Rooms remained open to members as the Friends' Lounge café as part of the RA's safe reopening. Six Victorian and Pre-Raphaelite paintings from the Collection were displayed in the Tennant Gallery,

including the popular *A Mermaid*, 1900, by John William Waterhouse RA. Sculpture from the Collection was also installed temporarily in the Ronald and Rita McAulay Gallery: Michael Kenny RA's *Arcangel* followed Phyllida Barlow RA's *untitled: female; 2018*.

The Collections team also responded to multiple press requests including filming for BBC's *Fake or Fortune, Royal History's Biggest Fibs,* and *Makeup: A Glamorous History*. The RA joined with the National Gallery and the National Portrait Gallery at the launch of the Heart of London Business Alliance's (HOLBA) Augmented Gallery foregrounding the work of six female Royal Academicians, past and present, with voiceovers written by RA Schools student Ayo Akingbade and the Director of Collections and Learning.

From mid-July until the end of August 2021, hanging flags by Farshid Moussavi RA, Yinka Shonibare RA, and Michael Armitage lined Piccadilly as part of the Art Takeover, curated by the Collections team. Vanessa Jackson RA's bright and brilliant pedestrian crossings livened up the street, while video shorts from Isaac Julien RA's celebrated film *Lessons of the Hour* about Frederick Douglass were specially edited for the central Piccadilly Lights screen. The project developed in collaboration with HOLBA was designed to welcome visitors back to central London.

Since early 2021 the Collections team have been reviewing terminology found on the website and internal database to contextualise terms considered outdated, incorrect, or offensive. Research into Royal Academicians and their immediate families between 1768 – 1850 has sought to identify any links to the transatlantic slave trade. The results are currently available by request as we consider the best way to display these online and in context.

The RA Collections team welcomed Dr Jennifer Powell as the new Curator of Paintings and Sculpture. She subsequently took maternity leave and Dr Lois Oliver joined as her cover.

Library and Archive

The Library and Archive team provided a strong service for staff and RA Schools students throughout the closures and since reopening have been able to provide increased access to books and historic files. In late 2020 the library received two large donations comprising around 400 volumes from Lady Alison Myners and MaryAnne Stevens and, in May 2021, a further donation of books was made by Sir Norman Rosenthal. The Archivist also completed a full RA-wide retention schedule for modern records.

There was high demand when the Picture Library resumed service in December 2020, generating a higher turnover from licensing fees and image sales than in pre-pandemic times. A giga-pixel image of Giampietrino's copy of *The Last Supper*, on display in the Collections Gallery, was used for the Amazon Prime series *Leonardo*.

Learning and Academic Programmes

The Learning and Academic Programmes teams continued to evolve and engage diverse audiences. A hyperlocal strategy was devised for Families, Access, and Schools (FAS), mapping schools and teachers in Westminster, evaluating the RA's local impact and meeting with local organisations and Westminster Council representatives. In summer 2021 small groups of local teachers were invited for exhibition private views and, together with the Courses and Classes team, programmed free creative workshops for the Clore Learning Centre.

The RA hosted online workshops for local children with SEND (students with special education needs and disabilities) and their families, as well as a project for local young people with caring responsibilities. For the autumn series, materials were delivered to families by bicycle and the Family Programmer charted her own practice and learning experience, subsequently published in the Museums Association Journal. The team produced monthly newsletters for the Families and Access and Community Partner mailing lists as well as filming "how-to" videos from home. Across Learning and Collections there were multiple publications from book chapters and exhibition catalogues to writing for national press and online.

The third year of the Young Artist's Summer Show (YASS) was an unprecedented success with over 33,000 entries and a much higher percentage of UK-wide and state schools. Phyllida Barlow RA and the FAS team curated this year's exhibition, and the judges selected 572 artworks to be exhibited online and 240 onsite in the Clore Learning Centre.

The popular attRAct programme continued as a virtual offer. During the national lockdown up to eighty 16- to 18-year-olds studying art and design engaged in weekly online workshops and challenges set by the Learning team and RA Schools students. The online programme allowed for engagement with students from much further afield and was nominated for a national Kids in Museums award. The AccessArt25 project, a series of evening events for young people aged 17 to 25 years, funded by BNP Paribas, and programmed by the Learning team, won the Arts and Cultural Sponsorship Award.

Adult Learning collaborated with the Architecture, Digital, Marketing and AV teams to create an online "In Conversation" series. Between May and July 2021, livestreamed conversations with Lubaina Himid RA, Marina Abramović Hon RA and Michael Armitage foregrounded the Collections, Exhibitions, and the RA Schools.

The Academic Programmes team delivered online classes and lectures for corporate clients and RA Patrons. From May-June 2021, they also programmed, hosted, and delivered a series of online practical workshops filmed from the Clore Learning Centre: Saturday Sketch Club. It was free to join, reached a dedicated national and international audience of thousands, with extremely positive feedback. Subtitled recordings were later made available on the RA website and on YouTube.

The second cohort of the Executive Master in Cultural Leadership (EMCL) students completed two courses in person before switching to online tutorials and panel discussions. The team hosted online open evenings, reaching a more international audience than previously, and a newly recruited small cohort will begin their studies in 2021. In July 2021 a Collecting and Collections Management course was provided for select second and third-year students. The EMCL will proceed with the taught element of the programme in-person with mostly mixed year-group cohorts and has successfully streamlined future courses to minimise international travel.

4. RA Schools

Academic Year
2020/21 was an extraordinary year for the RA Schools, with only intermittent access to the RA site. To manage time in the studio, and in reaction to the cancellation of the RA Schools Show 2020 due to Covid-19, a "catch up year" held the current students in place for an additional academic year and postponed the arrival of the new first-years until October 2021.

Covid-19 regulations ruled out group activity and mask wearing presented barriers to in-person communications, such as tutorials and technical support. Senior Lecturers were available for in-person and online tutorials, however, and workshop tutors supported students through individual appointments. An online programme ran throughout the academic year, with an artist's lecture programme, a reading group and writing workshops forming the foundation. In addition, regular welfare tutorials were held with students to support their wellbeing.

The catch-up year aimed for a lightweight programme. In addition to working with permanent staff, students also engaged with RA Professors who hosted online studio visits giving insight into their varied approaches to making. The series was later extended to include Wolfgang Tillmans RA, Richard Deacon RA, Phyllida Barlow RA, William Kentridge Hon RA, and Rana Begum RA Elect.

Seminars led by the resident in critical practice Paul Clinton focused on race politics and the Black Lives Matter movement, discussing representations of race violence on TV, debating Optical Activism, and considering what it means to make tokenistic statements on equality rather than engage in structural change. Lectures delivered by Richard Dyer, Victor Wang and Amelia Groom focused on the work of black artists and the history of postcolonialism and year one students established a race equity reading group.

Hosting a graduation show at the RA remained a priority and the class of 2020, which became the class of 2020x1, installed their RA Schools Show in June 2021. Sixteen students graduated, two of whom had moved into the year-group from year two to complete their studies in three years. The show was a resounding success despite restrictions, including ambitious interventions into the fabric of the building and a remarkable range of work.

RA Schools students are encouraged to contribute to the cultural life across the RA. In collaboration with the Learning department, students delivered all workshops for the attRAct programme supervised by Mary Ealden. Students and staff from the RA Schools also participated in the selection of works for this year's Young Artists Summer Show. Several students competed for a public sculpture commission proposing art interventions to transform three redundant red phone boxes outside the 6 Burlington Gardens entrance. Max Boyla was awarded the commission.

RA Schools graduates continue to contribute to the cultural life of the UK and internationally. Two exhibitions of note during this period were 2003 graduate Lynette Yiadom-Boakye's solo show at Tate Britain and *Michael Armitage, Paradise Edict* at the Royal Academy. Armitage graduated from the RA Schools in 2009.

Sustainability and development

In working towards a sustainable RA, the RA Schools have endeavoured to find savings by ceasing activity that only indirectly supported the programme. The Weston Studio Programme has been reimagined, with the year two Premiums show now taking place as a series of smaller groups shows across the year. There are fewer events in the programme overall, and workshop hours have been reduced by one day to a four-day week. The RA Schools canteen was closed pending a review of its business model.

The RA Schools have received strong support this year from donors funding scholarships for individual students. Dunard generously pledged a further £1m to the RA Schools over three years. £283k of this annual funding will contribute to the RA Schools' operating costs and the remaining £50k per annum supports students experiencing financial difficulty. It was agreed, given the loss of casual work undertaken by students to support themselves due to Covid, that half of the proceeds of RA Schools annual dinner and auction should provide support for student hardship.

Fundraising for the redevelopment of the RA Schools, was halted by the advent of Covid-19. The RA Schools worked with David Chipperfield Architects to ensure the project could be achieved using funds already raised, without any loss to the essential elements of the plan. The project has been divided into two phases, with designs now completed for the first phase of works in 6 Burlington Gardens. This scheme will create a suite of workshops supporting sculpture, printmaking, and ceramics as well as a new digital fabrication lab incorporating mixed media including laser cutting, 3D printing, Arduino technology, digital fabric printing, sewing and embroidery.

5. Development

The RA benefitted from the continued support of many long term sponsors and donors this year, despite the fundraising challenges presented by the Covid-19 pandemic. We are enormously grateful to all our corporate sponsors, private donors and Friends who have been immensely loyal and generous in supporting the Royal Academy throughout the pandemic. Insight Investment were just one example, sponsoring the Summer Exhibition for the 15th year.

Viking Cruises (*Emin / Munch*), White Cube (*Emin / Munch* and *Michael Armitage*), Offer Waterman (*David Hockney*) and BNP Paribas (*Michael Armitage*), continued to support the RA following sponsorships in 2019/20 financial year. Furthermore, the RA and BNP Paribas won the Arts and Cultural Sponsorship Award at the 2020/21 UK Sponsorship Awards for sponsorship of *Antony Gormley* (autumn 2019).

While the year was expected to be difficult for new partnership opportunities, the RA welcomed WeTransfer (Summer Exhibition 2020), Bottega Veneta and Charles Stanley Associates (both *David Hockney: The Arrival of Spring, Normandy, 2020*) as new exhibition supporters to the RA. Charles Stanley Associates have also been Corporate Members of the RA since 2018.

The RA partnered with file-sharing service WeTransfer on an online project that presented the Summer Exhibition, displaying works and content on WeTransfer's wallpaper and WePresent page. The project reached 55.5m people globally and was shortlisted for prizes including the Clio Awards and Campaign Awards.

The RA was successful in a first-stage application for Bloomberg Philanthropies, a $30m international digital accelerator programme, after an invitation from the organisation to apply for funds. Funding of £0.5m was received in late 2021, with up to a further c.£0.5m to follow in the next two financial years dependent on a successful discovery phase.

Without government support, the RA continues to rely heavily on the generosity of individuals. The Young Artists Summer Show was made possible once again by Robin Hambro continuing her support of the project in its third year.

The RA's Coronavirus Emergency Support Fund, started in the spring of 2020 to mitigate financial losses from the Covid-19 pandemic, has raised £5.3m (of which over £3.5m has been received) as of 31 August 2021. This included a RA Friends appeal launched in August 2020, spearheaded by Grayson Perry RA, which has now raised nearly £0.5m in donations. The first 500 donations of £1k towards the appeal were acknowledged through a specially commissioned plate designed by the artist. Legacy income of £0.8m was received during the year, contributing towards the £5.3m raised.

In-person Patron events returned in May 2020 and continued through the summer, providing an opportunity to thank Patrons for their ongoing support and generosity during a challenging time for the Academy.

6. Corporate Services

The Corporate Services pillar combines the management of Estates, IT, HR, Legal and Governance.

Staff

The RA issued its annual report on the Gender Pay Gap in June 2021. This report highlighted that as of 5 April 2020 (the government's "snapshot date" for capturing the gender pay data of businesses and charities), the RA employed 385 people, of whom 64% of were female. This distribution is largely maintained across pay quartiles and skews slightly in favour of women in top quartiles. In April 2020, the Executive team was 57% women, consistent with 2019. Of the top 20 earners at the RA, 50% were women and 58% of Senior Managers were women. The continued strong results reflect the RA's recognition of gender diversity as a key strength, encouraging flexible working and providing new parents with a generous leave package.

As part of the RA's commitment to Equity, Diversity, and Inclusion, 2020/21 saw the launch of working groups reviewing the Academy's career life cycle, the exhibition programme and visitor experience. While progress has been impacted by Covid-19, further reviews 2021/22 will focus on the employment journey, from recruitment practices to the onboarding process and workplace culture.

The RA has maintained its status as a Living Wage Employer since 2019. The RA has committed to implementing the annual London Living Wage increase for eligible staff and to ensuring that third-party organisations operating at the RA pay staff on site the London Living Wage as a minimum.

The first ever RA Staff Council launched in August 2021. The aims of this consultative body are to provide a forum for open communication with management, encouraging debate and new suggestions for working practices. Staff representatives were appointed through an election process in August, with the first meeting held in September 2021.

Towards the latter part of the 2020/21 financial year, two senior management appointments were made in Corporate Services. Katy Grêlé joined as Head of Human Resources, replacing Sarah Myers who left the RA in spring 2021, and Fiona Perrin joined as Health and Safety Manager.

Estates and Facilities

The Covid-19 pandemic continued to present challenges to onsite operations during 2020/21. Having twice been forced to close, the RA reopened its doors in May 2021 with a reviewed and updated risk assessment to ensure operations were Covid-secure and compliant. All onsite staff were required to complete reinduction training and were supplied with the necessary protective equipment to perform their duties. The RA staff offices were also fully reopened in July 2021, though attendance is not yet compulsory for all.

The RA retendered its outsourced security contract in early 2021. This process resulted in the reappointment of Mitie Security. Furthermore, in early 2021 the RA reviewed its position on estates maintenance and took a decision to extend the current partnership agreement with CBRE for another two years, maintaining stability in this area through the challenging Covid-19 pandemic period.

In the financial year 2020/21, following generous donations, the RA took the decision to move forward with its capital development plans to refurbish the RA Schools. The project is now fully funded, and a budget has been set at £17.8m. Knight Harwood was appointed as the main contractor for the initial works (Phase 1) on the future workshops in Burlington Gardens. Construction started in late August 2021 and is due to complete in early 2022 at which point the newly refurbished workshops will be handed over to the RA Schools. Works in Burlington House are due to commence in Summer of 2022 and the programme is expected to run for one year to summer 2023.

The RA has taken several steps to minimise energy consumption and carbon emissions. The organisation is powered by 100% renewable energy sources. In addition, the RA has also sought to reduce the use of single-use plastic, for example by using compostable take-away cups and cutlery in its cafés and restaurants and reviewing its use throughout the organisation. A Sustainability Taskforce group was put in place in 2019 to identify and deliver improvements across the campus and RA operations more broadly; however, the progress of this group has been impacted by the pandemic and subsequent periods of closure at the RA. The RA is committed to reducing the environmental impact of its activities and the organisation intends to renew its efforts in this area in 2022. In line with Streamlined Energy and Carbon Reporting (SECR) requirements, the RA reported its total emissions for the year as 1,720.48 tCO2e (2020: 1,593.79 tCO2e), with an intensity ratio of 0.00701 tCO2e /sq. foot (2020: 0.0065 tCO2e /sq. foot). The largest proportion of the RA's GHG emissions was accounted for by the electricity consumed in internal areas within its commercial and academic buildings, which represents 51.81% (2020: 58.05%) of total emissions, equating to 891.45 tCO2e (2020: 925.12 tCO2e).

7. Finance

As reported last year, in the period to February 2020 the RA undertook a financial sustainability review. This was informed by actual financial performance in 2018/19, the first full financial year in which the RA had operated its newly expanded campus. The review highlighted that the organisation needed significant changes even before the onset of the Covid-19 pandemic, including year-on-year cost savings, to ensure a robust and financially sustainable operating model.

Owing to the Covid-19 lockdowns and subsequent closures to the public, the financial situation of the RA deteriorated further. This was despite government support in the form of the Coronavirus Job Retention Scheme and generous donations to the RA's Coronavirus Emergency Support Fund. This support together with stringent cost-cutting measures, including an organisational restructure and the deferral of all non-critical capital expenditure projects has helped mitigate the impact over the past 18 months, as described in more detail in the Financial Review section below.

However, considerable financial challenges remain. Based on current projections, the RA is faced with a material reduction in income from exhibition admission and other on-site sources of income for at least the next two to three years. This is in addition to a smaller annual donation from the Friends of the Royal Academy, such that there is an expectation that it may take even longer to return to pre-Covid-19 levels of income and achieve the sustainable annual net income from ongoing activities target of £5m (before interest, depreciation, and amortisation).

IMPACT AND PUBLIC BENEFIT

As a "Home for art, artists and architects" the Royal Academy has as its founding mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." This mission holds true until today and going forward the RA is committed to continuing to deliver on this mission.

As an independent institution, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing the financial sustainability required to ensure its future. In 2020 and 2021, the RA faced unprecedented challenges in terms of the operational and financial impact of the Covid-19 pandemic and the organisation was forced to reassess its priorities and reinforce its focus on the core principles and activities which have guided the RA since its inception.

The Core RA

The core constituent parts of the RA are the Membership of the Royal Academicians, the RA Schools, the exhibitions programme (including the *Summer Exhibition*), the Collection, and learning. The respective strength and unique quality of each of these aspects, and their combination under one roof give the RA a unique character that is not shared by any other institution in the world.

The Membership
The RA was founded by a group of well-known artists. To this day the Academy is led by its Membership, a group of nationally and internationally renowned artists and architects, elected by their peers and appointed for life. They are involved in leading the RA through its topmost governing body, the Council, as well as the General Assembly and numerous committees. They are the lifeblood of the Academy.

The RA Schools
The original impetus for setting up the Royal Academy of Arts was to professionalise the training of young artists in an art school much like had been happening elsewhere in Europe. Today it is a three-year post-graduate programme for 15 students per year. The RA Schools, led by the Keeper and the Curator and Director of the RA Schools, is considered as one of the best among the leading art schools in the UK and attract a wide range of European students.

One area of particular interest is the future collaboration between the RA Schools and the wider RA. Until recently the RA Schools led a somewhat separate existence with relatively little contact or collaboration with other RA departments. This was partly due to the previously remote location of the RA Schools in the back of the building. With the recent Masterplan project and the connection between Burlington House and 6 Burlington Gardens, the RA Schools have been relocated to the centre of the building and now share space with the public. It is desirable and timely to think about a greater integration of the RA Schools within the RA.

During the Summer of 2021, the RA Schools embarked upon the first phase of works for a significant redevelopment of the RA Schools. A total project budget of £17.8m has been approved by Council, which is fully funded. The work has been split into two phases – the first will create new workshop spaces in 6 Burlington Gardens later in 2021 and the second, more significant phase will refurbish the Burlington House side of the RA Schools in Summer 2022 to Summer 2023. A Project Board has been established and has delegated authority for the project from the Buildings Committee.

The exhibitions programme
When the RA was founded its members established annual exhibitions with a two-fold aim: for the Royal Academicians to display and sell their works and to generate income to finance the RA Schools. This tradition continues with the annual *Summer Exhibition* that has been held without interruption since the RA's inception.

Besides the annual *Summer Exhibition*, the RA now runs a wide-ranging, ambitious, and much respected programme of international loan exhibitions on art and architecture. Of these, three are held in the Main Galleries, one of the grandest temporary exhibition spaces in the UK, if not in the world. The other gallery spaces are The Jillian and Arthur M. Sackler Wing of Galleries and the Gabrielle Jungels-Winkler Galleries.

The exhibitions programme is the RA's lifeline. As a result of the Covid-19 pandemic and need for budget savings most museums worldwide are reducing their exhibition programmes for the coming years. Given that the RA relies heavily on its exhibitions programme to drive its income streams, it will continue to invest in an ambitious, diverse, interesting, popular and, at times, challenging exhibitions programme that will appeal to its Friends, as well as its loyal public audiences and over time build new audiences. Some efficiencies may possibly be found in drawing from the RA Collection but on the whole, exhibitions will require continued commitment and investment.

In relation to the RA Schools, the combination of a high-quality art school and an internationally renowned exhibition-organising arts institution under one roof is unique in the world. It is critical to develop understanding of what makes the training of young artists in a prominent arts institution different and special (in contrast to the other art schools in London and in the country) and, conversely, how the RA might benefit as an exhibition-organising institution from having practising artists in its building.

The Collection
The RA's relatively little-known Collection was started as a teaching collection for the RA Schools. From the beginning the Academy also required every Academician to donate a so-called "diploma work" to the Collection. Over time the Collection has grown into a visual record of the RA's membership and history. Valuable works in the Collection range from Michelangelo's *Taddei Tondo*, John Constable's *Leaping Horse* and George Stubbs's anatomical drawings and studies of the horse, to diploma works by living artists such as David Hockney RA and Tracey Emin RA. The Collection also contains copies after Leonardo's *Last Supper* and Raphael's cartoons for the Sistine Chapel; there is a considerable collection of plaster casts after famous works of art and a sizeable collection of works on paper. Our Collection also includes a historic Archive of artists' papers and other important records, and a Library collection of rare books. The Collection has been awarded "Designated Collection" status by Arts Council England as a "pre-eminent collection of national or international importance" held by a non-national institution.

Learning
In the Academy's founding mission, the Royal Academicians stated that the RA was to "educate the public in creation, enjoyment and understanding of the arts" and learning, by definition, is at the core of any academy. In the present-day learning and education are part of the core mission of every arts organisation and the RA takes this task very seriously.

IMPACT MEASURES
Like many charities, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing financial sustainability to ensure its continued relevance. The RA's Medium Term Plan explicitly articulates the goal to achieve an average net income of at least £5.0m p.a. from ongoing activities (before interest, depreciation and amortisation) to fund the ongoing maintenance of our 2.5 acre campus and the required investment in technology; periodic plant upgrades and gallery refurbishment programmes; to repay its borrowings and to service its financing costs; and to fund contributions towards its financial obligations in respect of our legacy defined benefit pension scheme, albeit the scheme is now in surplus as at the last triennial actuarial valuation as at 31 August 2019 and the annual funding update as at 31 August 2021. This financial sustainability target has been severely challenged by the impact of Covid-19, which is considered further in the Strategic Report below.

Alongside the financial goal to achieve sustainability the RA has identified a set of mission related goals.

The RA tracks and monitors a variety of impact measures (as distinguished from Key Performance Indicators, which are considered separately in the Strategic Report below). These measures include those pertaining to the RA's activities across exhibitions, RA Schools, Library and Collections, and education; where possible, we aim to measure the delivery of our mission and impact goals numerically, as well as qualitatively and anecdotally.

The current measures will evolve as the organisation better understands which measures are most reliable and informative, and as it introduces new means of tracking and assessing the impact it has but will now also have to be further considered in light of what is possible for the organisation given the financial constraints due to the effect of Covid-19.

The exhibition programme provides a mix of subject matter and content for a range of public tastes and is complemented by a programme of activities such as lectures and workshops aimed at providing opportunities for the public to engage with the subject matter and the institution. The RA's exhibition and public programme continue to measure success and impact both in terms of the overall attendance or reach activities achieve as well as the degree to which the RA is able to welcome new audiences who might otherwise face barriers to attending. The Royal Academy's pricing policy includes opportunities for those on lower incomes to visit the Royal Academy and participate in its programmes by taking advantage of reduced ticket prices and free activities.

Various closures to the public between March 2020 and May 2021 due to the pandemic have presented significant challenges to the RA in delivering its public benefit. However, throughout this period the RA increased its focus on digital programming to keep audiences engaged and support its mission despite closure.

In implementing the stated objectives through the strategies described, the trustees confirm that they comply with their duty to have regard to the Charity Commission guidance on public benefit.

STRATEGIC REPORT

Business review
The "Strategic review" section above sets out the RA's activities in this area over the past year or so, as well as its vision for 2021-25. A review of the Royal Academy's activities, achievements, and impact has been included in the "Activities, achievements and impact" section, also above. The "Future plans" section of this report, which follows, sets out in further detail our strategy for the next five years.

Sustainability review
As noted in the review of activities above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. This review highlighted that significant changes to the organisation were needed, including the delivery of year-on-year cost savings, in order to ensure a robust and financially sustainable operating model. This review also identified a series of key financial metrics providing a benchmark towards achieving financial sustainability. With the outbreak of the Covid-19 global pandemic, these metrics cannot reasonably be measured or delivered against in the short term but will provide a useful framework as the RA establishes its post Covid-19 "new normal". These metrics were however used as the basis to determine the level of savings required to address the financial impact of Covid-19 over both the short and

medium term and helped inform the decision to target annual cost savings of £8.0m. Several of these key financial metrics are included in the key performance indicators below.

Key performance indicators
The following key performance indicators ("KPIs") have been identified as key measures of our progress against our strategic objectives. Targets for overall audience figures and KPIs with direct financial impact (e.g., Friends membership numbers) are embedded into our Medium Term Plan, which is updated annually and reflect the financial sustainability metrics referenced above and in 6. "Finances / sustainability" below. Targets for more qualitative measures (e.g., visitor experience, audience diversity) continue to be refined on an ongoing basis.

1. **Exhibitions**
   - Exhibition and campus visitors: pre-Covid-19 target of c.1.0m visitors to the paid exhibition programme; post-Covid-19 target of c. 0.8m visitors to the paid exhibition programme based on six exhibitions annually (including three in the Main Galleries)
   - Critical reception of exhibitions

2. **Learning and Collections, RA Schools**
   - Impact and reach of access and learning programme (online and onsite)
   - Audience for Collections (physical displays, website visits, appointments)
   - RA Schools applications (per place and from outside London/UK/Europe)

3. **Audience and Experience**
   - Secondary spend per visitor (retail and catering spend)
   - Visitor experience (rating of exhibition and of overall visit)
   - Digital visitors (website sessions, Facebook friends, Twitter followers)

4. **Academicians and staff**
   - Academician engagement
   - Staff engagement (engagement survey, appraisal completion, turnover)

5. **Estates**
   - Completion of Burlington Project fundraising (for each phase)
   - Completion of Burlington Project building works (including the RA Schools redevelopment) on budget to schedule; (for each phase)

6. **Finances / sustainability**
   - Target to achieve sustainable net income from ongoing activities (before interest, depreciation, and amortisation) of at least £5.0m per annum
   - In supporting this £5.0m target, overall net contribution metrics for exhibitions (including sponsorship); membership schemes (Patrons, corporate, Academicians' Room) (including lets and events); annual donation from the Friends of the Royal Academy; and the net contribution from retail and publishing.
   - Staff costs as a percentage of income and as percentage of total staff and operating costs.

FINANCIAL REVIEW

Financial result for the year
The results for the current year show net expenditure of £1.8m (2020: net income of £1.9m) for core activities, being those ongoing activities directly associated with delivering the charitable objectives, and net income of £7.9m (2020: £5.6m) for the Burlington Project, being the refurbishment and redevelopment of the Royal Academy's buildings and estate. Net expenditure of £1.8m (2020: net income of £1.9m) for core activities includes £0.5m (2020: £0.5m) of interest payable; £0.0m (2020: £0.0m) of interest receivable; and £0.1m (2020: £0.0m) of investment gains. There was net expenditure of £1.5m (2020: net income £2.4m) excluding net interest payable and investment gains.

Total net movement in funds, includes the recognition of the actuarial gain on the pension scheme totalling £1.9m (2020: £0.6m), and a tax credit of £0.1m (2020: £0.4m) in respect of Museum and Galleries Tax Relief, resulting in a surplus of £8.1m (2020: £8.5m).

The ongoing activities deficit, excluding net interest payable and investment gains was £1.5m (2020: surplus £2.4m). These results are significantly down on those of the previous year, with an increase in deficit of £3.9m. However, both years have benefited from income from donations to the Coronavirus Emergency Support Fund ("CESF") of £0.8m (2020: £1.5m), as well

as legacy income designated to the CESF of £0.8m (2020: £0.4m); and grant income of £2.5m (2020: £2.3m) from the Government's Coronavirus Job Retention Scheme ("CJRS"). In addition, in 2020, we also received a donation of £2.2m for the purchase of a property. Excluding the impact of these items, the deficit would have been £5.7m (2020: £4.0m); an increase in deficit of £1.7m. However, furthermore the current year expenditure includes the cost of the restructuring, in response to the pandemic, of £2.2m (£2.0m net of a recharge made to the Friends of the Royal Academy) – more than the £1.7m increase in deficit year on year.

During the first six months of the previous year, prior to closing to the public in March 2020, the RA enjoyed a period of considerable commercial success with the *Antony Gormley*; *Lucian Freud: The Self-portraits*; and *Picasso and Paper* exhibitions. The RA reopened to the public in July 2020 with the continuation of the *Picasso and Paper* exhibition but to a much-reduced audience, with around 25% capacity of "normal attendance" due to the social distancing safety measures required to be in place due to Covid-19. The impact of the pandemic has been far greater in the current financial year. The RA was forced to close again on 5 November 2020, reopening for two weeks in December only to close once more – this time for five months until 18 May 2021. All this meant that the RA was closed to the public for exactly half of the financial year. There have been gradual increases in visitor capacity since the final government restrictions were lifted on 19 July 2021, though only to about 50% by the end of the financial year. This has inevitably had a significant impact on the financial results for the year.

Total income from ongoing activities for the current year was 27.4% down on the previous year at £28.8m (2020: £39.7m), with expenditure decreased by 18.7% over the same period to £30.3m (2020: £37.3m). Excluding income from the CESF, CJRS and the donation for the property purchase, total income was 26.0% down on the previous year at £24.6m (2020: £33.3m). Current year expenditure includes £2.0m restructuring costs, as well as an exceptional provision for diminution in value of an investment property of £0.7m; excluding these, expenditure decreased by 26.0% to £27.6m (2020: £37.3m).

The Friends of the Royal Academy, a separate registered charity, donated £10.4m (2020: £11.5m) to the Royal Academy, 9.4% lower than the previous year; but also donated a further £0.7m (2020: £nil) of legacy income towards the CESF. The total donation of £11.1m (2020: £11.5m) represented nearly 39% (2020:29%) of the RA's total income from ongoing activities. Exhibition income decreased by 30.8% to £3.1m (2020: £4.5m). There was a 46.3% decrease in income from our trading subsidiaries to £5.0m (2020: £9.2m). Income from commercial activities of £4.1m was 41.5% down (2020: £7.0m), with income from entertaining services to the corporate sector 58.6% down at £0.8m (2020: £2.0m) and income from ticketed fundraising events at less than £0.1m over 96% down (2020: £0.2m). Other income including sponsorship at £2.1m was 29.2% down (2020: £3.0m); with other donations at £3.6m were 51.9% down (2020: £7.5m), principally due to £0.8m emergency fundraising (2020: £1.9m) and £nil (2020: £2.2m) received for the purchase of a property. Grant income at £2.8m was 12.7% up (2020: £2.4m), with £2.5m from the CJRS (2020: £2.3m).

The decrease in expenditure included a 9.7% decrease in staff costs to £14.5m (2020: £16.1m), with average full-time equivalent permanent employees decreasing to 284 (2020: 345), with the restructuring completed in January 2021 only impacting the current year in part. Staff costs also include £1.9m of the £2.0m restructuring costs. Excluding restructuring costs, staff costs decreased by 21.3% to £12.7m (2020: £16.1m). Other expenditure (excluding depreciation and amortisation) has decreased by 30.3% to £11.9m (2020: £17.1m), reflecting cost saving measures, including the restructuring partially offset by the diminution in value of an investment property; with depreciation and amortisation charges down 5.3% at £3.9m (2020: £4.1m) – the comparatively high charge reflecting the Academy's recent investment in both the plant upgrade and gallery refurbishment programme and systems technology, as well as the assets brought into service primarily in 2018 with completion of Phase I of the Burlington Project.

The Royal Academy put in place a five year £5.0m committed Masterplan Revolving Credit Facility ("Masterplan RCF") in May 2017 to provide the required working capital for the completion of the Burlington Project, as redevelopment costs were incurred in advance of the receipt of pledged donations and to fund the final cost overruns on the project. The facility has since been extended with the £5.0m commitment running to June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2024, which can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one-month period the advance can either be rolled over for another one-month period or repaid, with the amount then being available again for draw down. £3.7m of this £5.0m facility was drawn down at the year end. An extension of the £3.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

The Royal Academy put in place a five year £2.5m committed Operating Revolving Credit Facility ("Operating RCF") in March 2018 to manage operating working capital requirements. The facility has since been extended with the £2.5m commitment running to February 2023 and thereafter reducing to a £1.5m commitment to 31 August 2024, which can be drawn down in advances with a minimum value of £0.15m. Each advance is repayable after one month; at the end of the one-month period the advance can either be rolled over for another one-month period or repaid, with the amount then being available again for draw down. This facility was not drawn down at the year end. An extension of the £1.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

The Royal Academy has benefited significantly from the introduction of the Museums and Galleries Tax relief from 1 April 2017, providing much needed financial support to the exhibitions and free display programme amounting to about £0.4m each year to date, although this has reduced to less than £0.2m this year with the impact of cancelling exhibitions due to the pandemic. The announcement, as part of the recent government budget, of the extension of this relief until at least 31 March 2024 and increase in the rate of relief with effect from 27 October 2021 was much welcomed.

Reserves
The policy of the Royal Academy is to maintain a sufficient level of free reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. A formal policy on reserves was originally agreed at the meeting of Council on 4 October 2011 and approved annually thereafter which states:

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that the Royal Academy's core activities could continue during a period of unforeseen difficulty and that current and future commitments can be honoured.
- A proportion of reserves to be maintained in a readily realisable form.
- The policy is reviewed annually by Council.

Free reserves comprise that part of the total unrestricted funds that are freely available. Arising from the most recent review, the trustees have adopted a risk-based approach to determine an appropriate level of free reserves. The trustees consider it appropriate to have free reserves sufficient to cover a period of unforeseen difficulties and consider this to be the greater of a period of three months, being the normal duration of a main gallery exhibition, such that this would allow the Royal Academy to continue running in the circumstances that an exhibition is cancelled without an alternative being viable, and a period of six months, during which the Royal Academy has less than budgeted visitor numbers, due to the impact of external factors, such as the threat of terrorism or a pandemic, reducing the number of visitors to London generally and the RA's campus more specifically.

The trustees have specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2022 and have further considered the medium term cash flow forecasts of the Royal Academy underpinning the Vision 2021-2025 strategy and the long term loan funding in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

Based on this detailed review and analysis, the trustees consider that an appropriate level of free reserves would be in the order of £4.5m to be held by way of operating contingency at all times to enable the Royal Academy to continue operating for a period of three months to cover both a fall in exhibition, trading and voluntary income and fixed operating costs (including salaries) and the prospective financial impact of other uninsured risks or six months, in the event of reduced visitor numbers due to external factors, such as the threat of terrorism or a pandemic.

Actual free reserves as at 31 August 2021
As at 31 August 2021, total unrestricted and non-designated funds stood at £88.7m, including £91.7m of fixed assets. Free reserves, which exclude fixed assets, are therefore in deficit by £3.0m, after taking account of the pension scheme asset of £8.7m and are £7.5m less than the desired level of £4.5m.

The free reserves deficit of £3.0m is represented by net current liabilities of £1.1m plus long term liabilities of £10.6m, of which £10.0m is repayable in ten equal instalments from 2035-2044; and the pension scheme asset of £8.7m.

The net current liabilities of £1.1m as at 31 August 2021 include £3.7m drawn on the £5.0m Masterplan RCF (the facility commitment reduces to £3.5m from June 2023 to 31 August 2024), which can, if required, be rolled forward after each one month interest period to the end of the term committed. Additionally, the Royal Academy has access to a committed £2.5m Operating RCF to February 2023 (reducing to £1.5m from March 2023 to 31 August 2024) and a £0.5m overdraft facility, neither of which had been drawn upon at the year end. A 12 month extension to 31 August 2025 has been approved for both the Masterplan and Operating RCFs.

In November 2020, the Royal Academy Trust pledged a £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19. This pledge had not been called upon at the year end.

In view of the level of current liquid resources, future pledged donations and the long term loan funding and short term facilities in place, which are all available for operational purposes, the trustees consider that the Royal Academy has both sufficient funding and liquidity for the foreseeable future.

As outlined above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. Part of the scope of this review was to identify a series of key financial metrics providing a benchmark towards achieving financial sustainability, which included delivering the required level of surplus funds to achieve the target level of free reserves over the long term (being a period of five to seven years). Due to the impact of the pandemic, these metrics are unlikely to be delivered against for an extended period, and while the net shortfall will be partly mitigated by annual savings from the restructuring programme, the period to achieving the target level of free reserves will inevitably be extended.

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £52.3m at 31 August 2021 in trust for the Royal Academy, of which £17.9m represents unrestricted funds, including £11.8m that is both unrestricted and not designated. A further £22.3m represents permanent endowment funds, which are accounted for on a total return basis (such that both income and capital appreciation may be distributed), with the remaining £12.1m being restricted funds (including £0.6m which may be used for the general purposes of the Royal Academy). These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy. As noted above, in November 2020 the Royal Academy Trust made a pledge of £2.0m, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19.

FUTURE PLANS

Our priorities for the year to come

In the current pandemic and with the resulting impact on the RA's public operations, visibility for a five year strategic plan remains limited at least in the short term. As we look ahead the Senior Leadership Team has set a goal to put the RA back on a solid financial footing after executing a significant restructuring in response to the pandemic during the financial year, delivering significant savings from its annual cost base across operating and staffing expenditure as described above. Delivering these savings, but more importantly retaining these and not allowing cost creep as more activities become possible, will require robust cost discipline and a relentless focus on the "core" activities.

The following guiding principles informed our savings plan and will be applied to our decision-making over the coming years.

1. ***Focus where it counts:*** Given our significantly reduced visitor and income projections, we need to focus on those "core" activities that support the founding principles of the RA – namely, the Membership of Royal Academicians; the RA Schools; the exhibitions programme; the Collection; and our learning programme.

2. ***Protect and reinforce:*** We need to focus on an essential programme that brings back and optimally serves our existing audiences. An important pillar of that is an ambitious, international, varied, inspiring and diverse exhibitions programme. We also need to ensure the continued engagement with our audiences on site, online and in print.

3. ***Welcome and serve our audiences:*** The RA is known for its warm and convivial atmosphere and the sense of community it creates. We need to continue providing our characteristic hospitable and safe environment and focus on the RA visitor experience that our audiences have come to expect.

4. ***Prioritise cost-reduction for a five year horizon:*** The recent history of the RA has been defined by growth: the extension of the building; ever growing ambitions and increasing levels of activity; and an expanding staff base. In the next five years, we will need to pull back and focus on the core. In order to achieve the critical budget savings, we need to reverse this trend and reduce the amount of activity considerably. The focus needs to be on activities that directly fulfil our mission, serve our audiences and are affordable. It is about sustainability rather than growth.

We are following a two phase approach:

Phase 1: Circuit breaker

In order to deal with the harsh shortfall in income due to the Covid-19 pandemic, over the past year and for at least the next year or two we have and will continue to reduce our level of activity more significantly. Much of this activity has not been possible and will continue to be challenging due to Covid-19 induced restrictions. This period needs to act as a "circuit breaker" that will save a significant amount of money and enable us to balance our income and costs and sets us up for the next phase.

During this phase we have and will continue to:

- Reduce public opening hours and days – with a six day per week opening (closed on Mondays) with very limited late openings

- Reduce the exhibitions programme from nine to six exhibitions per annum (except for the next financial year to 31 August 2022, in which we have scheduled eight exhibitions due to the impact of postponements from this financial year arising from the pandemic)
- Deliver a significantly reduced public programme and as part of this, close the Benjamin West Lecture Theatre until at least the end of the coming financial year
- Suspend the programme of changing free displays and focus more on semi-permanent displays and less on frequent turnarounds in the Tennant Gallery, Fine Rooms, Rausing Hall, McAulay Gallery, and Weston Studio
- Stop or scale down catered events including opening receptions, lenders' dinners, and private dining experiences at least until the end of 2021; and to re-consider the Annual Dinner in 2022
- Transition to a single sales and marketing team, which allows for a more efficient and strategic way of engaging our audiences.

Phase 2: Disciplined build-back

Following this initial at least two year period, for the subsequent three years, finances and visitor numbers allowing, we aim to enter a period of recovery in which we can slowly grow activity in a disciplined way to a sustainable level.

Improve the coordination of content generation and distribution: We need to improve the coordination across our programmes and develop a more efficient and scalable use of our content across our different channels and stakeholder groups. To service this, we have introduced a Content Board with senior representatives from all relevant areas to ensure a focused and joined up approach to content is taken across all channels from exhibitions to collections, from social media to the RA Magazine.

Race and gender equity and inclusion

We reviewed the impact of the redundancies to ensure there was no disadvantage or prejudice shown to any workers on account of race, age, gender, disability or any other protected characteristics.

We will need to continue our work on inclusion and racial equity across all aspects of the RA and be mindful of the ways that we can rebuild our programmes and our institution with more thought given to an equitable workplace and place of study. We have agreed plans and proposals for the continuation of this work during 2021 and will ensure that we have the right training for all staff in place.

Principal risks and uncertainties and risk management

Council, advised by the SLT and other specialist committees, evaluate and monitor risks and ensure systems and controls are subject to regular review. Where appropriate, mitigating actions and improvements are put in place by the SLT.

All risks identified are recorded in the Risk Register, which is maintained on an ongoing basis and not only includes details of all risks considered but also provides a mechanism for assessing and monitoring those risks, detailing the SLT member responsible and the actions taken to mitigate the risk.

The Risk Register is formulated by the SLT; is reviewed quarterly; and is formally reviewed by the Audit Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the quarterly Audit Committee meetings.

The outbreak of the Covid-19 pandemic and subsequent lockdowns and closure of the Royal Academy has had a significant impact on the RA's operations, financial sustainability and the wider risk landscape and this will continue for some time yet. The Royal Academy's financial sustainability, more specifically the risk of not maintaining an adequate level of cash reserves, was already a highly ranked risk and the likelihood of this has been exacerbated by Covid-19. In response to this, we undertook a significant restructuring which was completed in late 2020. The scale of the restructuring also represents a risk, in part miitgated by the process and intensive review undertaken in formulating the basis for this re-organisation. However, the SLT will need to assess and monitor the impact of this going forward, particularly as operations begin to ramp up in 2022 and beyond.

A "Brexit deal" in the form of the EU-UK Trade and Cooperation Agreement was concluded in late December 2020. The impact of Brexit on the RA, and more particularly how the new regulations and restrictions would affect broad areas including people (staff and students); goods and services and the broader supply chain (including VAT, import duties, transportation and storage, reporting and compliance); data protection; and travel was reviewed by a Brexit Working Group, which was established in early 2021 and met monthly until September 2021, when the group disbanded with remaining issues becoming "business as usual" matters.

The knock-on impact of both the pandemic and Brexit has exacerbated other risks. These include the economic uncertainty with rising inflation (including energy and transportation costs); supply chain logistics, both operationally and financially; and workforce shortages and rising labour costs.

The other highest scoring risks include the risk of the possibility of plant failure in the galleries; loss or damage to artworks; reduced visitor numbers to our exhibition programme; a reduction in the Friends' donation to the Royal Academy arising from diminished Friends' membership income; and the threat of a data security breach or cyber-attack. External risks include the impact of the terrorism threat on the number of visitors to the Royal Academy's exhibition programme.

These risks are all subject to immediate management consideration to provide mitigation. Mitigation steps include completion of the plant upgrade programme, together with planned preventative maintenance; continuous review of our exhibitions programme and forward planning for future exhibitions; security and working practices in place, together with disaster recovery and business continuity planning and procedures; continued review and improvement to the Friends visitor experience and periodic Friends membership pricing reviews; continued improvement to data protection policies, procedures and controls, including emergency response planning; and robust financial planning and analysis supporting the medium term cash flow forecasts of the Royal Academy underpinning the Vision 2021-2025 strategy.

FUNDRAISING

The RA's approach to fundraising is largely relationship led, through individual donor giving, memberships of the RA, capital appeals, legacies, and corporate sponsorship. The RA does not generally engage with commercial participators and professional fundraisers. The RA does not carry out house-to-house fundraising or street collections.

The RA is registered with the Fundraising Regulator and has submitted its annual complaints return to the Fundraising Regulator. The RA complies with applicable regulation with regard to fundraising and in addition puts the privacy of our supporter data at the heart of everything we do. We manage personal data respectfully and responsibly in accordance with our published privacy policy.

The RA received 77 complaints associated with fundraising and membership in this financial year, compared to 97 in the previous financial year. This is a comparatively low figure for the sector and our activities. The majority of these were membership cancellations due to price, rather than complaints in the strict sense. This represents the degree with which we have developed our processes to ensure we put our supporters and the safeguarding of their data at the centre of everything we do. Nevertheless, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our supporter relations team investigate each complaint and we do all we can to resolve complaints and ensure supporters are happy with our work.

The Royal Academy of Arts

Trustees' Report

For the year ended 31 August 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees or members of Council (who are also directors of the Royal Academy for the purpose of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 charity will continue in business; and
- observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that 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.

AUDIT INFORMATION

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Moore Kingston Smith LLP as the Royal Academy's auditors will be put to the forthcoming General Assembly.

On behalf of the Council

Rebecca Salter PRA
President

Peter St John (Adam Caruso and Peter St John RA)
Treasurer

The Royal Academy of Arts
Burlington House
Piccadilly
London W1J 0BD

Date: 7 Decale 2021

Independent Auditors' Report to the Trustees of The Royal Academy of Arts

Opinion

We have audited the financial statements of The Royal Academy of Arts for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated 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 group's and the parent charitable company's affairs as at 31 August 2021 and of the group's incoming resources and application of resources including its 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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 group's and parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information contained in the 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.

Other information (continued)

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 course of 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 themselves. 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.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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

As explained more fully in the statement of trustees' responsibilities set out on page 26, 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 group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent charitable company.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- we obtained an understanding of how the group and charitable company complies with these requirements by discussions with management and those charged with governance.
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- we inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of this 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 which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 7 December 2021

The Royal Academy of Arts
Consolidated Statement of Financial Activities
(including an income and expenditure account)
For the year ended 31 August 2021

	Note	Ongoing activities				Burlington Project		
		Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £ as restated * see note 4 for comparatives
Income from:								
Donations and legacies								
General donations from RAT*		-	-	351,196	-	-	**351,196**	316,946
Other donations from RAT*:								
Burlington Project		-	-	-	-	2,000,000	**2,000,000**	1,505,000
Cataloguing project		-	-	16,828	-	-	**16,828**	19,526
Other projects		-	-	601,474	-	-	**601,474**	541,990
Donations from Friends of the RA		10,448,495	696,014	-	-	-	**11,144,509**	11,527,070
Other donations	5	1,048,918	1,626,023	953,719	-	5,905,734	**9,534,394**	11,601,803
Grant income	6	2,574,682	-	182,083	-	-	**2,756,765**	2,446,201
Charitable activities								
Exhibitions		3,135,618	-	-	-	-	**3,135,618**	4,533,432
Schools		21,092	-	-	-	-	**21,092**	73,353
Collections		11,100	-	-	-	-	**11,100**	11,877
Education		82,097	-	-	-	-	**82,097**	426,228
Other trading activities								
Income from trading subsidiaries	7	4,959,471	-	-	-	-	**4,959,471**	9,242,964
Sponsorship, rent and other receipts		2,113,737	-	-	-	-	**2,113,737**	2,986,511
Investments								
Bank interest		8	-	-	-	-	**8**	18,006
Dividends		462	-	-	-	-	**462**	601
Total income		24,395,680	2,322,037	2,105,300	-	7,905,734	**36,728,751**	45,251,508
Expenditure on:								
Raising funds								
Fundraising	9	(3,041,237)	-	-	-	-	**(3,041,237)**	(3,965,482)
Expenditure from trading subsidiaries	7	(5,229,640)	-	-	-	-	**(5,229,640)**	(6,636,286)
Charitable activities	10	(17,431,087)	(2,350,845)	(2,021,455)	-	-	**(21,803,387)**	(27,170,875)
Other								
Donation to RAT*		-	-	(15,328)	-	-	**(15,328)**	(16,828)
Diminution in value of investment property	18.d	-	-	(720,521)	-	-	**(720,521)**	-
Total expenditure		(25,701,964)	(2,350,845)	(2,757,304)	-	-	**(30,810,113)**	(37,789,471)
Net gains on investments	19	-	-	19,591	119,193	-	**138,784**	31,305
Net income / (expenditure)	11	(1,306,284)	(28,808)	(632,413)	119,193	7,905,734	**6,057,422**	7,493,342
Transfers between funds	24-26	2,828,028	-	229,013	(37,020)	(3,020,021)	**-**	-
Other gains								
Tax credit	15	137,385	-	-	-	-	**137,385**	363,493
Remeasurement of defined benefit pension scheme asset	29	1,921,000	-	-	-	-	**1,921,000**	631,000
Net movement in funds		3,580,129	(28,808)	(403,400)	82,173	4,885,713	**8,115,807**	8,487,835
Total funds brought forward		85,110,135	701,170	3,875,341	806,305	6,880,106	**97,373,057**	88,885,222
Total funds carried forward		**88,690,264**	**672,362**	**3,471,941**	**888,478**	**11,765,819**	**105,488,864**	97,373,057

All gains and losses arising in the year are included in the Statement of Financial Activities and derive from continuing activities.

* RAT denotes Royal Academy Trust

The Royal Academy of Arts
Balance Sheets as at 31 August 2021

	Note	Group 2021 £	Group 2020 £ as restated	Royal Academy 2021 £	Royal Academy 2020 £ as restated
Fixed assets					
Intangible assets	17	**312,437**	630,765	**284,006**	480,219
6 Burlington Gardens	18.c	**65,201,863**	65,156,834	**65,201,863**	65,156,834
Other tangible fixed assets	18.a,b	**29,753,888**	31,298,188	**29,732,164**	31,272,995
Heritage assets	16	**1,392,110**	1,392,110	**1,392,110**	1,392,110
Investment property	18.d	**1,155,000**	-	**1,155,000**	-
Other investments	19	**1,870,089**	806,305	**1,870,197**	806,413
Total fixed assets		**99,685,387**	99,284,202	**99,635,340**	99,108,571
Current assets					
Stock		**916,916**	1,078,815	-	-
Debtors	20	**2,865,734**	3,729,530	**4,190,577**	4,650,380
Cash and cash equivalents		**13,040,769**	7,978,608	**12,962,709**	7,859,180
Total current assets		**16,823,419**	12,786,953	**17,153,286**	12,509,560
Creditors - amounts falling due within one year	21	**(9,151,619)**	(10,588,175)	**(8,592,863)**	(10,135,151)
Net current assets		**7,671,800**	2,198,778	**8,560,423**	2,374,409
Total assets less current assets		**107,357,187**	101,482,980	**108,195,763**	101,482,980
Creditors - amounts falling due after more than one year	22	**(10,602,323)**	(10,821,923)	**(10,602,323)**	(10,821,923)
Net assets excluding pension scheme asset		**96,754,864**	90,661,057	**97,593,440**	90,661,057
Defined benefit pension scheme asset	29	**8,734,000**	6,712,000	**8,734,000**	6,712,000
Total net assets		**105,488,864**	97,373,057	**106,327,440**	97,373,057
The funds of the charity:					
Endowment funds	24	**888,478**	806,305	**888,478**	806,305
Restricted funds	25	**15,237,760**	10,755,447	**15,237,760**	10,755,447
Unrestricted funds:					
Designated funds	26	**672,362**	701,170	**672,362**	701,170
General funds		**79,956,264**	78,398,135	**80,794,840**	78,398,135
Pension reserve	29	**8,734,000**	6,712,000	**8,734,000**	6,712,000
Total unrestricted funds		**89,362,626**	85,811,305	**90,201,202**	85,811,305
Total charity funds		**105,488,864**	97,373,057	**106,327,440**	97,373,057

Approved and authorised for issue by the President and Council of The Royal Academy of Arts on 7 Decese 2021

..... President
Rebecca Salter PRA

..... Treasurer
Peter St John (Adam Caruso and Peter St John RA)

Registered Company No. 06298947

The Royal Academy of Arts
Consolidated Statement of Cash Flows
For the year ended 31 August 2021

	Note	2021 £	2020 £ as restated
Net cash provided by operating activities	28	**10,648,851**	7,812,378
Tax credit received		**-**	534,941
Cash flows from investing activities			
Interest paid	11	**(483,703)**	(500,734)
Interest received		**8**	18,006
Payments to acquire intangible fixed assets	17.a	**(99,652)**	(251,188)
Payments to acquire tangible fixed assets	18.a,c,d	**(3,858,743)**	(1,509,685)
Payments to acquire fixed asset investments	19	**(925,000)**	(775,000)
Net cash used in investing activities		**(5,367,090)**	(3,018,601)
Cash flows from financing activities			
Net repayment on revolving credit facilities	21	**-**	(300,000)
Bank loan repayments	22	**(219,600)**	(219,600)
Net cash used in financing activities		**(219,600)**	(519,600)
Net change in cash and cash equivalents		**5,062,161**	4,809,118
Cash and cash equivalents at the beginning of the year		**7,978,608**	3,169,490
Cash and cash equivalents at the end of the year		**13,040,769**	7,978,608
Analysis of cash and cash equivalents:			
Cash at bank and in hand		**13,040,769**	7,978,608
Total cash and cash equivalents		**13,040,769**	7,978,608

Analysis of changes in net debt:		**Opening £**	**Cash flows £**	**Closing £**
Cash		7,978,608	5,062,161	**13,040,769**
Loans falling due within one year	21	(3,919,600)	-	**(3,919,600)**
Loans falling due after more than one year	22	(10,821,923)	219,600	**(10,602,323)**
Total net debt		**(6,762,915)**	**5,281,761**	**(1,481,154)**

1 General information

The Royal Academy of Arts ("Royal Academy") and its subsidiaries (together "the Group") continues to aspire to promote the arts of design and educate the public in the creation, appreciation and enjoyment of arts. The registered office is Burlington House, Piccadilly, London.

The Royal Academy is a company limited by guarantee and a registered charity and incorporated in England and Wales.

The Royal Academy is a Public Benefit Entity as defined by FRS 102.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charities Act 2011 and Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest pound.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Royal Academy and its three trading subsidiaries: RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2021. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 7 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual SOFA. The Royal Academy only surplus (net movement in funds) was £8,954,383 (2020: £8,487,835).

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Summary of significant accounting policies (continued)

b. 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 Royal Academy 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 and have considered the continued impact of the Covid-19 pandemic. In particular, the trustees have considered the sensitivity of forecasts, including that of a slower recovery from the pandemic. They have taken account of the related pressures on its key sources of income from donations, in particular the annual donation from the Friends of the Royal Academy; sponsorship and admission income from its exhibitions programme; and from its trading activities, including onsite and online retail and corporate membership and lets. The trustees have further reviewed its underlying cost base and its expenditure on both its charitable and fundraising activities, as well as from commercial trading, supporting these key sources of income.

In order to mitigate the impact of Covid-19 over both the next 12 months and to ensure the longer term financial sustainability of the Royal Academy, a significant restructuring programme to establish a “core RA” organisational structure and to deliver £8.0m annual cost savings, representing over 25% of the addressable cost base, was embarked upon. Following a due Collective Consultation process during late 2020, the redundancy programme was completed in early 2021, which resulted in over 100 roles being made redundant. The cost of restructuring was £2.2m, with annual staff cost savings of c.£3.8m achieved, representing c.27% of staff costs. Annual cost savings were also achieved from other operational expenditure through rationalising activity as part of the 2021-25 Vision, with total cost savings falling just short of the £8.0m annual cost savings target at circa £7.7m. Approximately £7.0m of these savings have been retained in the operating budget for the 2021/22 financial year, with additional costs primarily supporting improved revenue projections for the forthcoming year.

Notwithstanding the continued impact of the Covid-19 pandemic, the trustees consider that there are no material uncertainties about the Group's ability to continue as a going concern. The Group has net current assets of £7.7m at the year end, including £3.7m drawn on a £5.0m committed Masterplan Revolving Credit Facility (“Masterplan RCF”), which can, if required, be rolled forward after each one month interest period to June 2023. The Masterplan RCF limit thereafter reduces to a £3.5m commitment to 31 August 2024. The Group also has access to a committed £2.5m Operating Revolving Credit Facility (“Operating RCF”) to March 2023 (thereafter reducing to £1.5m to 31 August 2024) and a £0.5m overdraft facility, neither of which had been drawn upon as at the year end or in the post year end period to date. A one year extension of the £3.5m Masterplan RCF and £1.5m Operating RCF to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

In addition, the Royal Academy Trust, an independent charity established to specifically provide support to the Royal Academy, held funds of £52.3m at 31 August 2021 in trust for the Royal Academy, of which £17.9m are unrestricted, including £11.8m that is both unrestricted and not designated, and £0.6m of restricted funds held in the Paul Mellon Endowment fund, which may be used for the general purposes of the Royal Academy. In November 2020, the Royal Academy Trust pledged a further £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19. This pledge has not yet been called upon by the Royal Academy.

In view of the steps being taken to reduce the cost base; the level of current liquid resources; the long term loan funding and short term facilities in place; and the pledged donations and ongoing support of the Royal Academy Trust, the trustees consider that the Group has both sufficient funding and liquidity for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

2 Summary of significant accounting policies (continued)

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds, where Council have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Royal Academy, including the general fund which represents the Group's reserves. The major funds held in each of these categories are disclosed in notes 24 to 26.

Transfers between funds represents the funds transferred between restricted funds to the general unrestricted fund on completion of projects and restrictions being satisfied.

e. Burlington House

The Royal Academy holds a 999 year lease on Burlington House, of which almost 850 years remain, title to which is vested in the Secretary of State for the Department of Communities and Local Government. The rent of the property is nominal but it is the responsibility of the Royal Academy to maintain the property in a sound condition. The property is inalienable in that its ownership reverts to the Government if it is no longer used by the Royal Academy. The property works carried out on the galleries, Schools and Library are principally to maintain the fabric in its original condition and ensure an adequate environment for the exhibits. As the value of these works is part of the fabric of the building and cannot be realised, these are not recognised in the balance sheet except in the case of building improvements as detailed in the fixed assets and depreciation policy described below.

f. Heritage assets

The Royal Academy holds a collection of works of art, which consists of paintings, sculptures and prints, together with a library of books acquired by the Royal Academy by donation, bequest and from members on election to the Royal Academy ("Diploma Works").

2 Summary of significant accounting policies (continued)

f. Heritage assets (continued)

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Royal Academy. In particular, the Diploma Works have an intrinsic value to the Royal Academy collection as an embodiment of the development of the Royal Academy as an institution. The manner in which they are given to the Royal Academy makes the valuation of these items very subjective, such that a reliable value cannot be arrived at. Furthermore, the cost of valuing the entire collection would be onerous compared with the benefit derived by users of the financial statements in assessing the Royal Academy's stewardship of these assets.

As such, the Royal Academy does not recognise these assets on its balance sheet other than acquisitions made since 1 April 2010 with a value of £10,000 or more. These are reported at cost where the asset is purchased or at the curator's best estimate of current value where the asset is donated. Such assets are not depreciated but are reviewed for impairment in the event of physical deterioration. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Expenditure which is required to preserve or prevent further deterioration of the collection is recognised in the SOFA when it is incurred.

g. Foreign currency

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

h. Intangible assets

Computer software and website costs are stated at cost less accumulated amortisation and impairment losses. These are amortised over their estimated useful life, of three years, on a straight line basis.

i. Tangible assets

Expenditure on building improvements, new machinery and equipment is capitalised as fixed assets and stated at cost less accumulated depreciation. The Royal Academy applies a £1,000 threshold to the capitalisation of fixed assets. Depreciation is charged at the following rates on a straight line basis:

Building improvements	5 to 25 years
Computers	over 3 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 15 years
Motor vehicles	over 3 years

Short leasehold property improvements are depreciated over the period of the lease.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment.

Investment property has been capitalised and included in fixed assets initially at cost and subsequently at fair value at the reporting date. Changes in fair value are recognised in the SOFA.

2 Summary of significant accounting policies (continued)

i. Tangible assets (continued)

No depreciation is charged on assets in course of construction. Where assets are constructed as part of a project for which specific identifiable assets are brought into service before the overall project is completed, such assets will be transferred from assets in course of construction to building improvements or fixtures, fittings and equipment as appropriate and depreciated from the date these are placed in service.

j. Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

Incentives received to enter into operating leases are credited to the SOFA to reduce the lease expense, on a straight line basis over the period of the lease.

k. Stock

Stock principally consists of shop and e-commerce products and is valued at the lower of cost and net realisable value. In the case of artworks provided by an artist these items are recognised in the financial statements at their anticipated sales price, less anticipated cost of sales and any subsequent impairment.

l. Income

Income, which is stated net of VAT where applicable, and intra-group transactions, consists of box office takings, sponsorship, donations and grants.

Income received for an activity taking place in a subsequent period is deferred to that period in accordance with FRS 102, except where that income relates to an exhibition where the accounting policy outlined below is followed.

i. Exhibitions
The results of exhibitions are recognised in the financial statements of the year in which the majority of the exhibition takes place. Costs incurred and income received, including sponsorship income, in connection with forthcoming exhibitions, where the majority of the exhibition falls after the year end, are deferred at the balance sheet date. If a decision is made not to proceed with an exhibition, the costs are written off. Commission on art sales at the Royal Academy's Summer Exhibition is recognised at the point of sale by the artist.

ii. Donated services
Where an artist has donated their services, for example, in the creation of artworks or artworks themselves, to be sold alongside an exhibition, the donated services or artworks are recognised in the financial statements in accordance with the policy for exhibitions income disclosed above.

Other donated services are recognised when these have been delivered and are valued at the amount the Royal Academy would be prepared to pay for a similar service.

iii. Patrons
Patrons income is recognised in the financial statements on a cash received basis.

2 Summary of significant accounting policies (continued)

l. Income (continued)

iv. Grants
For performance related grants, income entitlement is considered to be conditional upon the meeting of conditions imposed by the grant. Income is therefore recognised in the financial statements to the extent that the Royal Academy has demonstrably met any grant conditions imposed.

Non-performance related grants are recognised when there is evidence of entitlement, receipt is probable (more likely than not) and its amount can be measured reliably.

v. Donations
Donations and related Gift Aid are accounted for when the donation is received. If donations are specifically in connection with a future event, these are restricted; if specifically in connection with a future exhibition, these follow the policy set out in 2.l.i..

vi. Trading subsidiary income
Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and VAT.

Turnover is recognised at the point of sale for goods and when services have been delivered. Subscriptions are accounted for in the period in which membership commences.

m. Legacies

Legacies are accounted for as income where there is clear entitlement; the amounts can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

n. Expenditure

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised when there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable a transfer of economic benefit will be required in settlement and the amount can be measured reliably.

Expenditure on raising funds consist of costs of trading subsidiaries and fundraising expenditure. These include the direct costs of the department, including the running costs of sponsorship, fundraising and events, together with a share of the support costs of the Royal Academy.

2 Summary of significant accounting policies (continued)

n. Expenditure (continued)

Charitable activities include all costs related to the main purpose of the Royal Academy and include: direct costs of exhibitions and the associated education programme; running the Royal Academy Schools; and the conservation of the permanent collection and the Library. Publicity costs are allocated to Exhibitions, Schools, Collections and Education based on the income from each area.

Support costs are the costs of departments which are shared by the various activities of the Royal Academy: Finance, Human Resources, Information Technology, Facilities and governance costs. These costs are allocated to activities on a basis that is appropriate to the nature of the expenditure and have therefore been allocated over headcount.

o. Employee benefits

The Royal Academy provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined benefit pension plan

The Royal Academy of Arts Pension Scheme ("the Scheme") is a defined benefit pension scheme closed to future accrual on 30 September 2016. Pension assets and liabilities are recorded in line with Section 28 of FRS 102. With scheme valuations undertaken by independent actuaries, FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, together with the net interest for the year, are allocated to relevant expenditure headings within the SOFA. Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the Scheme liabilities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in unrestricted funds in the SOFA within remeasurement of defined benefit pension scheme asset. The resulting defined benefit pension scheme asset or liability is presented separately on the face of the balance sheet in unrestricted funds. The Royal Academy recognises an asset for its Scheme to the extent this is considered recoverable through reduced contributions in the future, or through refunds from the Scheme. The trustees of the Scheme believe that the Scheme currently meets the minimum funding requirements. The assets of the Scheme are held completely independently from the Royal Academy.

The income and expense related to the Scheme is allocated entirely to the unrestricted ongoing activities of the Group.

iii. Defined contribution pension plans

The Royal Academy operates two defined contribution plans for its employees. The contributions are recognised as an expense when these are due. Amounts not paid are shown in accruals in the balance sheet.

2 Summary of significant accounting policies (continued)

o. Employee benefits (continued)

iv. Termination payments

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Royal Academy recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

p. Administered funds

Investments held by the administered funds are stated at market value at the balance sheet date. Dividend income from investments is recognised on an accruals basis.

q. Investments

i. Investment properties

Investment properties comprise those held solely for either their rental income and/or capital appreciation. They are carried at fair value.

ii. Other investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. Unlisted investments are stated at cost as no market value is available. The SOFA includes any realised or unrealised gain or loss during the year. Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

r. Financial instruments

Financial instruments are recognised in the Royal Academy's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Royal Academy after deducting all of its liabilities.

i. Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

ii. Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

2 Summary of significant accounting policies (continued)

r. Financial instruments (continued)

iii. Impairment of financial assets

Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

iv. Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

v. Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

vi. Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments 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.

a. Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. These are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 17 and 18 for the carrying value of assets and note 2.h and 2.i for the useful economic lives.

b. Impairment of debtors

The Royal Academy makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

c. Defined benefit pension scheme asset

The determination of the assumptions used in calculating the defined benefit pension scheme asset is the responsibility of the trustees of the Royal Academy, with delegated authority to the Director of Finance. The assumptions are set with regard to advice given by the scheme actuary.

4 Prior year comparatives by type of fund

The SOFA provides the restated prior year comparatives in total; this note provides prior period comparatives for each of the types of funds.

		Ongoing activities				Burlington Project	
		Unrestricted funds 2020	Designated funds 2020	Restricted funds 2020	Endowment funds 2020	Restricted funds 2020	Total 2020
		£	£	£	£	£	£
Income from:							as restated
Donations and legacies							
General donations from RAT*		-	-	316,946	-	-	**316,946**
Other donations from RAT*:							
Burlington Project		-	-	-	-	1,505,000	**1,505,000**
Cataloguing project		-	-	19,526	-	-	**19,526**
Other projects		-	-	541,990	-	-	**541,990**
Donations from Friends of the RA		11,527,070	-	-	-	-	**11,527,070**
Other donations	5	1,259,803	2,169,567	3,502,838	625,000	4,044,595	**11,601,803**
Grant income	6	2,357,154	-	89,047	-	-	**2,446,201**
Charitable activities							
Exhibitions		4,533,432	-	-	-	-	**4,533,432**
Schools		73,353	-	-	-	-	**73,353**
Library		11,877	-	-	-	-	**11,877**
Education		426,228	-	-	-	-	**426,228**
Other trading activities							
Income from trading subsidiaries	7	9,242,964	-	-	-	-	**9,242,964**
Sponsorship, rent and other receipts		2,986,511	-	-	-	-	**2,986,511**
Investments							
Bank interest		10,783	-	-	-	7,223	**18,006**
Dividends		601	-	-	-	-	**601**
Total income		32,429,776	2,169,567	4,470,347	625,000	5,556,818	**45,251,508**
Expenditure on:							
Raising funds							
Fundraising	9	(3,965,482)	-	-	-	-	**(3,965,482)**
Expenditure from trading subsidiaries	7	(6,636,286)	-	-	-	-	**(6,636,286)**
Charitable activities	10	(23,203,089)	(1,908,726)	(2,059,060)	-	-	**(27,170,875)**
Other							
Donation to RAT*		-	-	(16,828)	-	-	**(16,828)**
Total expenditure		(33,804,857)	(1,908,726)	(2,075,888)	-	-	**(37,789,471)**
Net gains on investments		-	-	-	31,305	-	**31,305**
Net income / (expenditure)	11	(1,375,081)	260,841	2,394,459	656,305	5,556,818	**7,493,342**
Transfers between funds	24-26	2,743,447	52,459	27,160	150,000	(2,973,066)	**-**
Other gains							
Tax credit	15	363,493	-	-	-	-	**363,493**
Remeasurement of defined benefit pension scheme asset	29	631,000	-	-	-	-	**631,000**
Net movement in funds		2,362,859	313,300	2,421,619	806,305	2,583,752	**8,487,835**
Total funds brought forward		82,747,276	387,870	1,453,722	-	4,296,354	**88,885,222**
Total funds carried forward		85,110,135	701,170	3,875,341	806,305	6,880,106	**97,373,057**

* RAT denotes Royal Academy Trust

5 Income from other donations

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
2021					
Exhibitions	255,555	-	270,121	-	**525,676**
Schools	10,634	-	576,491	-	**587,125**
Collections	350	-	-	-	**350**
Education	61,021	-	72,357	-	**133,378**
General - Other	721,358	-	34,750	-	**756,108**
Burlington Project - Sackler lift	-	-	250,000	-	**250,000**
Burlington Project - Phase I/II	-	-	5,655,734	-	**5,655,734**
Coronavirus Emergency Support Fund ("CESF")	-	783,904	-	-	**783,904**
Legacies - CESF**	-	842,119	-	-	**842,119**
Total	**1,048,918**	**1,626,023**	**6,859,453**	**-**	**9,534,394**
2020					
Exhibitions	426,554	-	342,480	-	**769,034**
Schools	14,633	55,635	488,025	-	**558,293**
Collections	250	-	12,500	-	**12,750**
Education	47,337	500	206,048	-	**253,885**
General - Other*	771,029	-	2,441,151	-	**3,212,180**
Burlington Project - Sackler lift	-	-	250,000	-	**250,000**
Burlington Project - Phase I/II	-	-	3,794,595	-	**3,794,595**
Presidents' Fund	-	8,393	-	-	**8,393**
Schools - Permanent Endowment	-	-	-	625,000	**625,000**
Coronavirus Emergency Support Fund ("CESF")	-	1,533,708	-	-	**1,533,708**
Legacies - Schools	-	-	12,634	-	**12,634**
Legacies - Presidents' Fund**	-	185,333	-	-	**185,333**
Legacies - CESF**	-	385,998	-	-	**385,998**
Total	**1,259,803**	**2,169,567**	**7,547,433**	**625,000**	**11,601,803**

* General other includes a donation of £2,159,884 in 2020 for the purchase and maintenance of 7 Pembroke Studios (see note 18.d).

** With effect from 1 September 2018, Council has determined that unrestricted legacies will be set aside as part of the "Presidents' Fund" which is a designated fund held for the general purposes of the Royal Academy. In March 2020, the Royal Academy established a Coronavirus Emergency Support Fund (“CESF”). At its 31 March 2020 meeting, Council approved that unrestricted legacy income received until further notice should be designated to the CESF and held for the general purposes of the Royal Academy.

6 Income from grant income

	Unrestricted funds £	Restricted funds £	Total £
2021			
Coronavirus Job Retention Scheme	2,546,202	-	**2,546,202**
Schools	28,480	14,583	**43,063**
Education	-	167,500	**167,500**
Total	**2,574,682**	**182,083**	**2,756,765**
2020			
Coronavirus Job Retention Scheme	2,300,268	-	**2,300,268**
Exhibitions	-	27,770	**27,770**
Schools	56,886	-	**56,886**
Education	-	61,277	**61,277**
Total	**2,357,154**	**89,047**	**2,446,201**

The Royal Academy has taken advantage of the Government's Coronavirus Job Retention Scheme ("CJRS") since it was introduced in March 2020, placing over 60% of permanent staff on furlough at points during the period to 31 August 2020, as well as temporary staff. This continued throughout the year ended 31 August 2021, with up to 98% of permanent staff on full or flexible furlough at any one time, as well as temporary staff for the period until 31 December 2020.

7 Results from subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, which operates a shop and e-commerce business, a restaurant and cafés, a publications and art sales business and commercial learning; RA (Arts) Limited, which provides entertainment services to the corporate sector; and Burlington House Limited, which raises funds from the corporate sector and individuals through ticketed events. These companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy. The registered offices of all subsidiaries is Burlington House, Piccadilly, London. A summary of their trading results is shown below. Audited financial statements for these subsidiaries are filed annually with the Registrar of Companies.

Profit and Loss:	**Total**	**R.A. Enterprises Ltd**		**RA (Arts) Ltd**		**Burlington House Ltd**	
	2021	**2021**	2020	**2021**	2020	**2021**	2020
	£	**£**	£	**£**	£	**£**	£
					as restated		as restated
Turnover	**4,959,471**	**4,120,885**	7,042,424	**822,736**	1,986,757	**15,850**	213,783
Cost of sales	**(2,331,871)**	**(2,301,990)**	(2,934,628)	**(29,881)**	(65,029)	**-**	(134,430)
Administrative expenses	**(2,897,769)**	**(2,644,446)**	(3,167,538)	**(224,448)**	(264,527)	**(28,875)**	(70,134)
Total expenses	**(5,229,640)**	**(4,946,436)**	(6,102,166)	**(254,329)**	(329,556)	**(28,875)**	(204,564)
Net result	**(270,169)**	**(825,551)**	940,258	**568,407**	1,657,201	**(13,025)**	9,219
Distribution to the Royal Academy	**(568,407)**	**-**	(940,258)	**(568,407)**	(1,657,201)	**-**	(9,219)

No charge to taxation will arise as the companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy.

Balance Sheet:

Fixed assets							
Intangible fixed assets	**28,431**	**28,431**	150,546	**-**	-	**-**	-
Tangible fixed assets	**21,727**	**21,727**	25,197	**-**	-	**-**	-
Total fixed assets	**50,158**	**50,158**	175,743	**-**	**-**	**-**	**-**
Current assets							
Stock	**916,916**	**916,916**	1,078,815	**-**	-	**-**	-
Debtors	**827,764**	**376,501**	463,859	**209,159**	346,589	**242,104**	344,590
Cash and cash equivalents	**71,921**	**18,721**	55,516	**-**	-	**53,200**	53,200
Total current assets	**1,816,601**	**1,312,138**	1,598,190	**209,159**	346,589	**295,304**	397,790
Current liabilities							
Creditors - amounts falling due within one year	**(2,687,142)**	**(2,169,758)**	(1,773,929)	**(209,155)**	(346,585)	**(308,229)**	(397,690)
Net current assets / (liabilities)	**(870,541)**	**(857,620)**	(175,739)	**4**	4	**(12,925)**	100
Total assets less total liabilities	**(820,383)**	**(807,462)**	4	**4**	4	**(12,925)**	100
Capital and reserves							
Called up share capital	**108**	**4**	4	**4**	4	**100**	100
Equity shareholders' funds	**108**	**4**	4	**4**	4	**100**	100

8 Support costs

2021	Finance £	IT £	Personnel £	Facilities £	Governance £	Total £
Exhibitions	1,033,603	578,248	277,797	1,613,185	227,899	**3,730,732**
Schools	209,514	117,212	56,310	326,997	46,196	**756,229**
Collections	195,546	109,398	52,556	305,197	43,116	**705,813**
Education	237,449	132,841	63,818	370,596	52,355	**857,059**
Publicity (note 10)	432,996	242,239	116,374	675,794	95,471	**1,562,874**
Fundraising (note 9)	377,125	210,982	101,358	588,594	83,152	**1,361,211**
2021 total	**2,486,233**	**1,390,920**	**668,213**	**3,880,363**	**548,189**	**8,973,918**

Personnel costs include legal, professional and consultancy costs of £145,284 (2020: £nil) pertaining to the restructuring.

2020	Finance £	IT £	Personnel £	Facilities £	Governance £	Total £
Exhibitions	893,634	515,109	209,629	1,484,179	194,462	3,297,013
Schools	229,792	132,456	53,904	381,646	50,005	847,803
Collections	217,026	125,098	50,910	360,444	47,227	800,705
Education	293,623	169,250	68,878	487,659	63,895	1,083,305
Publicity (note 10)	548,947	316,424	128,772	911,710	119,455	2,025,308
Fundraising (note 9)	510,648	294,348	119,788	848,103	111,121	1,884,008
2020 total	2,693,670	1,552,685	631,881	4,473,741	586,165	9,938,142

9 Fundraising

	2021 £	2020 £
Direct fundraising costs	**1,680,026**	2,081,474
Support costs (note 8)	**1,361,211**	1,884,008
Total	**3,041,237**	3,965,482

10 Charitable activities

2021	Direct costs £	Support costs £	Publicity costs (i) £	Total £
Exhibitions	8,475,416	3,730,732	3,719,587	**15,925,735**
Schools	1,202,129	756,229	25,020	**1,983,378**
Collections	1,123,376	705,813	13,167	**1,842,356**
Education	1,097,472	857,059	97,387	**2,051,918**
Total	**11,898,393**	**6,049,833** (note 8)	**3,855,161**	**21,803,387**

10 Charitable activities (continued)

2020	Direct costs £	Support costs £	Publicity costs (i) £	Total £
Exhibitions	12,097,532	3,297,013	4,750,497	20,145,042
Schools	1,216,587	847,803	76,865	2,141,255
Collections	1,212,002	800,705	12,446	2,025,153
Education	1,329,484	1,083,305	446,636	2,859,425
Total	15,855,605	6,028,826	5,286,444	27,170,875

Exhibitions expenditure includes the direct costs of mounting all loan exhibitions and the Summer Exhibition and all associated costs, such as curatorial staff, art handling, security, press and box office.

i. Publicity costs comprise direct publicity costs and an allocation of support costs analysed as follows:

	2021 £	2020 £
Direct publicity costs	**2,292,287**	3,261,136
Support costs (note 8)	**1,562,874**	2,025,308
Total	**3,855,161**	5,286,444

11 Net income / (expenditure)

	2021 £	2020 £
This is stated after charging:		
Amortisation	**417,980**	578,326
Depreciation	**3,482,493**	3,547,060
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	**51,305**	50,340
Audit services - defined benefit pension scheme	**8,650**	8,775
Other services	**11,729**	22,534
Interest payable and similar charges	**483,703**	500,734

External auditors other services relate to tax compliance and other advice.

The total lease expenditure incurred in the year was £138,931 (2020: £88,142).

12 Role of volunteers

Like all charities, the Royal Academy, uses a team of volunteers. In 2021 the Royal Academy engaged 148 (2020: 162) volunteers across both its Learning and Collections departments.

In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the financial statements.

13 Officers' and Council members' remuneration

	2021 £	2020 £
Officers' remuneration, excluding pension contributions, is as follows:		
President	**65,340**	66,308
Keeper	**50,000**	27,226
Secretary and Chief Executive	**183,689**	186,951
Treasurer	**40,000**	38,000
Total	**339,029**	318,485

Remuneration for officers is set by the Remuneration Committee.

One officer (2020: one) received pension contributions totalling £18,369 (2020: £18,695).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. One (2020: two) trustees received reimbursed expenditure of:

	2021 £	2020 £
Travel	**249**	1,188
Other	**1,721**	82
Total	**1,970**	1,270

Trustee indemnity insurance costs for the year totalled £25,063 (2020: £21,213).

14 Staff costs

	2021 £	2020 £
Salaries and wages	**11,165,470**	13,839,584
Social security costs	**1,116,478**	1,291,619
Redundancy and termination payments	**1,515,921**	108,656
Pension contributions - defined contribution schemes	**823,399**	949,037
Pension service income - defined benefit scheme	**(101,000)**	(106,000)
Total	**14,520,268**	16,082,896

Staff costs include payroll for temporary as well as permanent staff.

As disclosed in note 6, grant income of £2,546,202 (2020: £2,300,268) was claimed in respect of the Coronavirus Job Retention Scheme.

The organisation undertook a significant restructuring in the year. The total cost of the restructuring was £2.2m. In addition to the £1.5m redundancy and termination payments above, a further £0.2m of redundancy costs were incurred and recharged to the Friends of the Royal Academy. There were further holiday pay, social security costs and pension contributions of £0.4m and legal, professional and consultancy costs of £0.1m (see note 8). Due to the impact of this, salaries and wages and the number of full-time equivalent employees have reduced significantly compared to last year.

The key management personnel of the Royal Academy, and Group, comprise the Senior Leadership Team (previously Executive Committee), trustees and officers. Total remuneration of key management personnel during the year was £1,186,063 (2020: £1,420,517).

14 Staff costs (continued)

The number of employees, including officers, whose remuneration exceeded £60,000, is shown below:

Band:	**2021**	2020
	No.	No.
£60,000 to £69,999	**6**	5
£70,000 to £79,999	**6**	5
£80,000 to £89,999	**4**	2
£90,000 to £99,999	**1**	-
£110,000 to £119,999	**2**	1
£120,000 to £129,999	**1**	1
£130,000 to £139,999	**-**	1
£140,000 to £149,999	**-**	-
£180,000 to £189,999	**1**	1
£210,000 to £219,999	**-**	1

Pension contributions for the above employees were £161,932 (2020: £159,430).

The average number of permanent employees and full-time equivalent ("FTE") permanent employees, including officers, during the year was:

	Headcount		**FTE**	
	2021	2020	**2021**	2020
	No.	No.	**No.**	No.
Charitable activities	**120**	129	**101**	115
Fundraising and publicity	**58**	84	**56**	80
Trading activities	**44**	51	**38**	45
Governance	**4**	4	**4**	4
Support	**86**	103	**85**	101
Total	**312**	371	**284**	345

The number of part-time staff employed by the Royal Academy varies throughout the year, depending on the exhibition programme.

15 Taxation

The Royal Academy is entitled to a tax credit under the Museums and Galleries Tax Relief scheme from 1 April 2017.

	2021	2020
	£	£
Taxation credit		
- For the current year	**124,332**	255,223
- Adjustment in respect of prior year	**13,053**	108,270
Total	**137,385**	363,493

16 Heritage assets

The Royal Academy holds assets that fall under the definition of "Heritage Assets". These fall into three broad collections: The Works of Art Collection, The Royal Academy Library and The Royal Academy Archive. Each of these is considered in turn.

All items in these collections are available to view by appointment. Items are also from time to time included in exhibitions at the Royal Academy, as well as being loaned out to other exhibitors.

The Works of Art Collection
The Works of Art Collection consists of works of art and other objects of historic, artistic or associational significance owned by the Royal Academy, namely: paintings, sculpture (including medals, dies, cameos, and intaglio gems); drawings; artists' sketchbooks; individually issued prints; photographs; plaster casts (including pastes of gems); historic skeletons relating to teaching in the Schools; objects of memorabilia, including artists' tools and materials; historic silver and silver-plate; historic items of furniture; picture frames; and certain fittings and fixtures within Burlington House. The Royal Academy holds around 990 paintings in its permanent collection and over 25,000 prints and drawings.

The majority of works and objects in the collections date from the foundation of the Royal Academy in 1768 to the present day. Exceptions include the *Taddei Tondo* , the only marble by Michelangelo in the UK; early copies after the Old Masters, such as those by Giampietrino, Rosso Florentino and Sir James Thornhill; as well as some prints and drawings.

The core of The Works of Art Collection is the Diploma Works. These are given by Academicians on election to the institution and are predominantly by British artists and architects. Other works of art were purchased, bequeathed or given to the Royal Academy and range from drawings to plaster casts and from photographs to paintings. There is also a collection of silver given to the Royal Academy by Academicians, which is of historical importance to the Royal Academy.

The Royal Academy Library (Special Books Collection)
The Library comprises the Historic Books Collection dating from the 16th century to approximately 1920, and the Special Illustrated Books Collection.

The Royal Academy Archive
The Archive holds papers and documents and copies of electronic correspondence relating to the institution's history as well as artists' letters and archives. The Archive also includes photographic prints, transparencies, glass slides and negatives, films and videotapes which relate to the history and activities of the institution. More information about the Royal Academy's collection is available at www.racollection.org.uk.

Capitalisation of the collections
In the opinion of the trustees, reliable information on cost or value is not available for the Royal Academy permanent collection. This is owing to the lack of reliable information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

The collections have a significant intrinsic value relating to the way they provide a unique insight into the history of art and the study of art over the past 250 years. The manner in which items are given by Academicians makes valuation of these items difficult as there is no original cost to the item. In addition there is an intrinsic value to the collections as an embodiment of the history of the Royal Academy as an institution, which would also be far too subjective and unique to place any reliable value upon. For this reason, the permanent collection, large proportions of which were gifted to the Royal Academy at nil cost, are incomparable in nature and are not recognised as assets in the Royal Academy's balance sheet.

16 Heritage assets (continued)

Acquisitions and disposals

Diploma Works are proposed by newly elected members and accessioned into the collection following approval by Council. The approval of non-diploma works (by purchase, bequest or donation) is by the Director of Collections and Learning, in consultation with the relevant curator. If the acquisition is more than £5,000 in value, a case for accessioning must be made by the Director of Collections and Learning to the Collections and Library Committee. All acquisitions are reported annually to the Collections and Library Committee by the Director of Collections and Learning. The list is subsequently submitted to Council as part of an annual report and the Director of Collections and Learning attends Council to discuss any matters arising from the report.

Disposals will only take place in accordance with the Acquisitions and Disposals Policy. No disposals were made in the year. Objects will only be deaccessioned by way of exchange (in the case of Diploma Works) or if there is irreparable damage to or total loss of an object. Due to the accreditation by the Arts Council, and the Royal Academy's internal procedures and policies (described under "Collections management", below), disposals can only be for "financially motivated" reasons in exceptional circumstances. Any such disposal must be as part of a wider review of the Collection, and then proceeds must be used only for the benefit of the Collection.

In the financial year, Diploma Works were presented by Royal Academicians Lubaina Himid RA and Níall McLaughlin RA.

Gifts made to the Royal Academy in the current financial year include 11 sets of etchings by Norman Ackroyd RA with individual works valued between £500-£1,200, five early sketches by John Everett Millais PRA valued at approximately £1,200 each and the "Varnishing Day Portfolio" consisting of 101 original drawings by Royal Academicians with most valued between £500-£1,000. No gifts in this financial year included any works over the value of £10,000. Valuations are made at fair value, either provided by the artist or their gallery or based on an assessment made by the curator taking into consideration current market values.

The Collections Development Policy covering acquisitions and disposals is available for review on the Royal Academy's website www.royalacademy.org.uk.

Preservation

The Royal Academy is committed to the preservation of its collections. It aims to ensure the longest possible life of the collections. This includes security, financial, environmental, storage and staffing that all help to preserve the collections for posterity.

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however, these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. Some items are held off-site in specialist warehouses.

For the works of art, most conservators employed by the Royal Academy are on the ICON Conservation Register. For other areas of the collections, a variety of conservation experts are consulted.

Collections management

The Works of Art Collection, Special Books Collection and Archive are catalogued in a series of discrete but interconnected databases, each fully conforming to their relevant professional standards, i.e. Spectrum for museum objects; AACR2 and MARC21 for books; and ISAD(G) for archives. The three databases are linked to a series of shared authority files and thesauri against which terms such as personal names, corporate names, materials and techniques, and production roles must be validated. This ensures consistency in data entry and in data searches.

The Collection, Library and Archive are designated as collections of national importance as awarded by the Arts Council in 2011. In order to meet the stringent requirements for this award, an extensive list of procedures and policies for the management of the collection, informed by nationally and internationally recognised standards, were approved by Council. These documents can be consulted in the Collections' Office.

16 Heritage assets (continued)

Analysis of heritage assets (Group and Royal Academy)

	Works of art				
	2021	2020	2019	2018	2017
	£	£	£	£	£
Carrying amount at 1 September	**1,392,110**	1,142,110	679,000	391,000	46,000
Purchases	**-**	-	14,360	-	10,000
Gifts	**-**	250,000	448,750	288,000	335,000
Carrying amount at 31 August	**1,392,110**	1,392,110	1,142,110	679,000	391,000

17 Intangible fixed assets

Intangible assets include the Royal Academy's website and intranet costs, core system software and R.A. Enterprises Limited's Epos, e-commerce and stock management software. Additions during the year of £99,652 primarily relate to the ongoing costs of the Royal Academy's system for selling and servicing tickets, membership and donations.

a. Group	**Software**
	£
Cost	
At 31 August 2020	2,472,571
Additions	99,652
At 31 August 2021	2,572,223
Amortisation	
At 31 August 2020	1,841,806
Charge for the year	417,980
At 31 August 2021	2,259,786
Net book value	
At 31 August 2021	**312,437**
At 31 August 2020	630,765

b. Royal Academy	**Software**
	£
Cost	
At 31 August 2020	1,848,843
Additions	99,652
At 31 August 2021	1,948,495
Amortisation	
At 31 August 2020	1,368,624
Charge for the year	295,865
At 31 August 2021	1,664,489
Net book value	
At 31 August 2021	**284,006**
At 31 August 2020	480,219

18 Tangible fixed assets

a. Group

	Building improvements £	Assets in course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2020	23,379,552	2,260,569	58,629	24,386,544	**50,085,294**
Additions	290,086	1,578,493	-	102,136	**1,970,715**
Transfers to 6 Burlington Gardens	-	(32,522)	-	-	**(32,522)**
Disposals	-	-	-	(407,485)	**(407,485)**
At 31 August 2021	23,669,638	3,806,540	58,629	24,081,195	**51,616,002**
Depreciation					
At 31 August 2020	6,997,678	-	53,810	11,735,618	**18,787,106**
Disposals	-	-	-	(407,485)	**(407,485)**
Charge for the year	1,261,978	-	4,819	2,215,696	**3,482,493**
At 31 August 2021	8,259,656	-	58,629	13,543,829	**21,862,114**
Net book value					
At 31 August 2021	**15,409,982**	**3,806,540**	**-**	**10,537,366**	**29,753,888**
At 31 August 2020	16,381,874	2,260,569	4,819	12,650,926	31,298,188

b. Royal Academy

	Building improvements £	Assets in course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2020	23,117,150	2,248,439	36,944	23,955,955	**49,358,488**
Additions	290,086	1,578,494	-	97,317	**1,965,897**
Transfers to 6 Burlington Gardens	-	(32,522)	-	-	**(32,522)**
Disposals	-	-	-	(401,709)	**(401,709)**
At 31 August 2021	23,407,236	3,794,411	36,944	23,651,563	**50,890,154**
Depreciation					
At 31 August 2020	6,735,276	-	36,944	11,313,273	**18,085,493**
Disposals	-	-	-	(401,709)	**(401,709)**
Charge for the year	1,261,978	-	-	2,212,228	**3,474,206**
At 31 August 2021	7,997,254	-	36,944	13,123,792	**21,157,990**
Net book value					
At 31 August 2021	**15,409,982**	**3,794,411**	**-**	**10,527,771**	**29,732,164**
At 31 August 2020	16,381,874	2,248,439	-	12,642,682	31,272,995

c. 6 Burlington Gardens (Freehold property)

Group and Royal Academy	6 Burlington Gardens £
Cost	
At 31 August 2020	65,156,834
Additions	12,507
Transfers from assets in course of construction	32,522
At 31 August 2021	**65,201,863**

In the opinion of the trustees, based on a valuation as at 31 August 2021 by an independent third party, the current open market value of the Royal Academy's interest in 6 Burlington Gardens exceeds the book value by approximately £10.3m. The Royal Academy would have no liability to taxation if the asset was sold at open market value on the basis that the proceeds were used to further the company's charitable activities.

d. 7 Pembroke Studios (Investment property)

In 2020, the RA received a donation of £2.2m for the purchase of 7 Pembroke Studios for £1.65m, with the balance to be used for other costs of purchase and the ongoing repairs and maintenance of the property. As part of the gift there is a requirement that the artist who has been using the studio since 2012 is able to have exclusive, rent free use of the studio for as long as she is able to continue to actively use it as an artist up to a maximum of 25 years. At the end of this period the Royal Academy has the right to use or dispose of the studios and use the proceeds for its general charitable purposes. The completion of the purchase of the studio took place in September 2020 for £1.65m plus legal and professional costs. A significant refurbishment was completed in the year, such that the total cost as at 31 August 2021 was £1.9m.

Group and Royal Academy	7 Pembroke Studios £
Fair value	
Additions (at cost)	1,875,521
Diminution in value due to restriction in use	(720,521)
At 31 August 2021	**1,155,000**

As the use of the property by this artist is not for the Royal Academy’s charitable purposes and the property is primarily held for its capital appreciation, it is being accounted for as an investment property. The Charities SORP requires that investment properties are measured initially at cost and subsequently at fair value at the reporting date.

Based on a valuation as at 31 August 2021 by an independent third party, the current open market value (with vacant possession) of the property is £1.65m. However, due to the requirement for the artist to be able to use the property rent free for up to 25 years from September 2020, the valuation on this basis is much lower at £1.155m. In accordance with the Charities SORP, this lower valuation is deemed to be the fair value for accounting purposes and the diminution in value due to this restriction in use has been recognised as “other expenditure” in the SOFA.

19 Other investments

	Group		Royal Academy	
	2021	2020	**2021**	2020
	£	£	**£**	£
Investments at market value	**1,870,089**	806,305	**1,870,089**	806,305
Investments in subsidiaries at cost	**-**	-	**108**	108
Total	**1,870,089**	806,305	**1,870,197**	806,413

The Royal Academy beneficially owns all of the called up share capital of RA (Arts) Limited (02836364), R.A. Enterprises Limited (01666333) and Burlington House Limited (02216104), each of which is registered in England and Wales. See note 7 for the financial results of these entities during the year.

Movement in market value of investments:	**2021**	2020
	£	£
Market value of investments at 1 September	**806,305**	-
Additions	**925,000**	775,000
Unrealised gains	**138,784**	31,305
Market value of investments at 31 August	**1,870,089**	806,305

Market value of investments by type:		**2021**	2020
		£	£
Fixed income		**112,932**	118,407
Equities		**892,992**	556,574
Property		**45,240**	14,113
Alternative investments		**110,151**	78,420
Liquid assets		**708,774**	38,791
Total market value of investments	(Historic cost of investments £1,700,000 (2020: £775,000))	**1,870,089**	806,305

Investments are held under management with Sarasin & Partners LLP and are invested in the Sarasin Climate Active Endowments Fund. The fund seeks to provide growth (through increases in investment value and income) of 4% per year more than the Consumer Price Index over a rolling five year period. It has a global multi-asset portfolio with an integrated socially responsible investment policy that also favours investments that may benefit from a move to a lower carbon economy.

The fund will not invest in tobacco and will also avoid investment in companies that have more than 10% of their turnover in armaments, gambling and pornography. The fund has additional restrictions including no investment in companies with 5% or more of their turnover involved in the mining of thermal coal or tar sands; following engagement, no investment in companies that needlessly emit significant quantities of carbon into the atmosphere, or which do not take seriously the transition to a low carbon economy; and qualitative judgments to be considered on a regular basis by the fund's Climate Active Advisory Panel.

20 Debtors

	Group		Royal Academy	
	2021	2020	**2021**	2020
	£	£ as restated	**£**	£ as restated
Trade debtors	**434,597**	713,874	**259,712**	338,739
Royal Academy related entities	**-**	-	**1,812,132**	1,606,294
The Friends of the Royal Academy	**-**	41,343	**-**	41,343
Royal Academy Trust	**407,388**	265,987	**435,941**	391,915
Taxation	**582,734**	504,207	**582,734**	490,097
Staff loans	**6,718**	25,400	**6,718**	25,400
Sundry debtors	**532,924**	1,101,831	**328,927**	785,059
Prepayments and accrued income	**901,373**	1,076,888	**764,413**	971,533
Total	**2,865,734**	3,729,530	**4,190,577**	4,650,380

21 Creditors - amounts falling due within one year

	Group		Royal Academy	
	2021	2020	**2021**	2020
	£	£ as restated	**£**	£ as restated
Bank loan	**219,600**	219,600	**219,600**	219,600
Revolving credit facilities	**3,700,000**	3,700,000	**3,700,000**	3,700,000
Trade creditors	**1,040,343**	691,437	**863,549**	547,279
Royal Academy related entities	**-**	-	**308,984**	301,514
The Friends of the Royal Academy	**81,635**	-	**81,635**	-
Taxation and social security	**403,667**	360,781	**275,215**	336,413
Sundry creditors	**120,309**	1,672,613	**118,721**	1,705,140
Accruals	**1,477,519**	1,872,390	**1,351,383**	1,766,712
Deferred income (i)	**2,108,546**	2,071,354	**1,673,776**	1,558,493
Total	**9,151,619**	10,588,175	**8,592,863**	10,135,151

A Masterplan Revolving Credit Facility of £5.0m was taken out in May 2017 to manage working capital requirements in relation to the Burlington Project. The £5.0m facility runs to June 2023, thereafter reducing to a £3.5m commitment to 31 August 2024. The facility can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2021 this facility was drawn down by £3.7m (2020: £3.7m). An extension of the £3.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

An Operating Revolving Credit Facility of £2.5m was taken out in March 2018 to manage operating working capital requirements. The £2.5m facility runs to March 2023, thereafter reducing to a £1.5m commitment to 31 August 2024. This facility can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2021, this facility had not been drawn down (2020: £nil). An extension of the £1.5m facility to 31 August 2025 has been approved, with the facility agreement due to be signed in early 2022.

21 Creditors - amounts falling due within one year (continued)

i. Deferred income in 2021 includes ticket sales and sponsorship income for exhibitions in the next financial year, including *Summer Exhibition 2021* , *Late Constable* and *Francis Bacon: Man and Beast* and is analysed as follows:

	Brought forward £	Amount added £	Amount released £	Carried forward £
Deferred income 2021	2,071,354	2,108,546	(2,071,354)	**2,108,546**
Deferred income 2020	1,659,698	2,055,555	(1,643,899)	2,071,354

22 Creditors - amounts falling due after more than one year

	Group		Royal Academy	
	2021	2020	**2021**	2020
	£	£	**£**	£
Bank loan	**602,323**	821,923	**602,323**	821,923
Unsecured loan	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Total	**10,602,323**	10,821,923	**10,602,323**	10,821,923

Creditors include amounts not wholly repayable within 5 years as follows:

Unsecured loan	**10,000,000**	10,000,000	**10,000,000**	10,000,000

The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £12,749 (2020: £20,657) was charged in the year.

In December 2014, the Royal Academy entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2035 until 2044, and has a fixed rate of interest of 4.21% p.a.. This facility was used to fund exceptional operating costs during the Burlington Project construction phase and the plant upgrade/renewal programme for conditioning the Burlington House galleries. Interest of £421,000 (2020: £421,000) was charged in the year. The Royal Academy remains compliant with its various loan covenants.

23 Analysis of net assets by fund

	Endowment funds	Restricted		Designated funds	Unrestricted		Total
		Burlington Project	Other funds		General funds	Pension reserve	
	£	£	£	£	£	£	£
a. Group							
Investments	888,478	-	356,611	625,000	-	-	**1,870,089**
Heritage assets	-	-	1,392,110	-	-	-	**1,392,110**
Intangible assets	-	-	-	-	312,437	-	**312,437**
Tangible assets	-	3,530,360	1,155,000	-	91,425,391	-	**96,110,751**
Current assets	-	8,736,419	568,220	47,362	7,471,418	-	**16,823,419**
Current liabilities	-	(500,960)	-	-	(8,650,659)	-	**(9,151,619)**
Long term liabilities	-	-	-	-	(10,602,323)	-	**(10,602,323)**
Pension asset	-	-	-	-	-	8,734,000	**8,734,000**
Total	**888,478**	**11,765,819**	**3,471,941**	**672,362**	**79,956,264**	**8,734,000**	**105,488,864**
b. Royal Academy							
Investments	888,478	-	356,611	625,000	108	-	**1,870,197**
Heritage assets	-	-	1,392,110	-	-	-	**1,392,110**
Intangible assets	-	-	-	-	284,006	-	**284,006**
Tangible assets	-	3,530,360	1,155,000	-	91,403,667	-	**96,089,027**
Current assets	-	8,736,419	568,220	47,362	7,801,285	-	**17,153,286**
Current liabilities	-	(500,960)	-	-	(8,091,903)	-	**(8,592,863)**
Long term liabilities	-	-	-	-	(10,602,323)	-	**(10,602,323)**
Pension asset	-	-	-	-	-	8,734,000	**8,734,000**
Total	**888,478**	**11,765,819**	**3,471,941**	**672,362**	**80,794,840**	**8,734,000**	**106,327,440**

24 Analysis of endowment funds

Group and Royal Academy

		Opening funds	Investment returns less fund managers fees	Unapplied total return allocated to income	Closing funds
		£	£	£	£
Dunard Scholarship:	a.				
- Trust for investment		625,000	-	-	**625,000**
- Unapplied total return		25,246	96,124	(29,855)	**91,515**
Exhibitions fund:	b.				
- Trust for investment		150,000	-	-	**150,000**
- Unapplied total return		6,059	23,070	(7,165)	**21,964**
Total		**806,305**	**119,193**	**(37,020)**	**888,478**

a. Dunard Scholarship: the fund was established in 2020 by a donation of £625,000 from the Dunard Fund. It is held as a permanent endowment and is being accounted for on a total return basis. The purpose of the fund is to endow a student scholarship at the Royal Academy Schools in perpetuity.

b. Exhibitions fund: the fund was established in 2019 by a donation of £150,000 from the Thompson Family Charitable Trust, and reclassified as permanent endowment in 2020, and is being accounted for on a total return basis. The purpose of the fund is to support ongoing exhibition costs from investment returns.

25 Analysis of restricted funds

Group and Royal Academy

		Opening funds £	Income and fund growth in year £	Expenditure £	Unapplied total return from endowment £	Fair value losses	Transfers	Closing funds £
Other funds	a.	515,340	2,105,300	(2,035,333)	-	-	-	**585,307**
7 Pembroke Studios	b.	1,967,891	19,591	(1,450)	-	(720,521)	191,993	**1,457,504**
Heritage assets	16	1,392,110	-	-	-	-	-	**1,392,110**
Dunard Scholarship	24.a	-	-	-	29,855	-	-	**29,855**
Exhibitions fund	24.b	-	-	-	7,165	-	-	**7,165**
Burlington Project	c.	6,880,106	7,905,734	-	-	-	(3,020,021)	**11,765,819**
Total		**10,755,447**	**10,030,625**	**(2,036,783)**	**37,020**	**(720,521)**	**(2,828,028)**	**15,237,760**

a. Other funds include donations of £969,498 (2020: £878,462) received from the Royal Academy Trust, other donations of £1,203,779 (2020: £1,092,954) and grants of £182,083 (2020: £89,047) received for specific and general activities as disclosed in notes 5 and 6 respectively. The closing balance relates to the following restricted funds:

The Royal Academy architecture awards £229,142 (2020: £229,142): established in 2018 from a donation of £60,000; a further donation of £255,000 was received in 2019. The awards take place annually for five years and the monies are being used towards the management and running costs of the Royal Academy architecture awards, including architecture awards week where the winner of the Royal Academy Architecture Prize and the finalists for the Royal Academy Dorfman Award come to London from around the world to partake in a week of events and activities and receive their prizes. £10,000 of the money is given to the winner of the Royal Academy Dorfman Award each year.

Young Artists' Summer Show £36,020 (2020: £74,821): established in 2018 from a donation of $67,620 (£51,516), with further donations of £90,187 in 2019 and £97,390 in 2020. Inspired by the Summer Exhibition, the Young Artists' Summer Show brings together work by primary and secondary-level students from across the UK and beyond in an annual exhibition.

Artist in residence exchange programme £18,352 (2020: £18,352): established in 2018 with a donation of £80,000; a further £27,494 was received in 2019. The funds are being used towards the costs of an artist exchange programme between students of the Royal Academy Schools and the K11 Art Foundation ("KAF") in China.

Swanston bequest £24,564 (2020: £24,564): established in 2014 from a legacy of £60,000. The bequest is being used for curating and publishing costs associated with the *Taddei Tondo.*

Cataloguing project £5,084 (2020: £5,084): established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

Architecture professorship £69,200 (2020: £110,659): established in 2019 from two donations totalling £150,000. The donations will be spent on funding the position of the Professor of Architectural History for four years from 1 September 2019 to 31 August 2023.

Collections conservation project £27,051 (2020: £40,083): established in 2019 from donations totalling £31,551, with a further donation of £12,500 in 2020. The funds are being used for the conservation, digitisation and publication of elements of the Royal Academy archives.

Rothschild Digital Learning Fund £20,323 (2020: £nil): established in 2021 from a grant of £67,500, with a further £7,500 to be received in 2022 upon completion of a final grant report. The grant is being used to support and develop the Royal Academy's digital learning activities and resources.

Clore Cultural Learning Fund £84,737 (2020: £nil): established in 2021 as a result of the Covid-19 pandemic with a grant of £100,000, the fund supports the delivery of learning and community activities, especially those delivered onsite at the Royal Academy.

25 Analysis of restricted funds (continued)

Dunard Schools Fund £70,834 (2020: £nil): established in 2020 from a donation of £333,333, with a total of £1,000,000 pledged over three years. The fund provides £50,000 per annum towards Royal Academy Schools bursaries and £283,333 towards Royal Academy Schools tutors salaries.

b. 7 Pembroke Studios: the fund was established in 2020 from a donation of £2,159,884 ($2,790,720), of which £1,650,000 was used to purchase Pembroke Studios in September 2020, an artist's studio in London, with the balance of the fund to be used for the legal and professional fees associated with the purchase and repairs and maintenance of the property for a period of up to 25 years. It was the donor's wish that an artist, who has been using the studios since 2012, should be able to continue to have exclusive, rent free use of the studios for as long as she is actively and regularly using the studios for up to a maximum of 25 years. At the end of the said period, the Royal Academy will have full and free use of the studios and have the right to sell the studios and apply the proceeds of the sale towards its general charitable purposes. £191,993 was transferred from unrestricted funds in relation to expenditure on Pembroke Studios in the prior year.

c. Burlington Project - Phase I was completed in 2018, with all Burlington Project - Phase I restricted and designated funds being transferred to unrestricted funds as specific identifiable assets were brought into service and as such, the restrictions on these funds have been satisfied. The remaining restricted funds are in respect of Phases II and III and other projects, which form part of the overall Burlington Project (see note 30).

26 Analysis of designated funds

Group and Royal Academy	Opening funds £	Income £	Expenditure £	Transfers £	Closing funds £
Total designated	701,170	2,322,037	(2,350,845)	-	**672,362**

Council have designated the funds detailed below out of unrestricted funds:

Schools architect fund £82,725 (2020: £82,725): the fund was established in 2018 from a legacy of £88,039. The funds are held on investment with Sarasin & Partners LLP, with the investment returns being used to fund an annual event as part of the RA Architecture Programme in Sir Richard MacCormac's name.

Schools annual travel prize £16,000 (2020: £16,000): a legacy of £20,000 was received in 2018 and designated as an annual travel prize of £2,000 for students of the Royal Academy Schools. The first prize was awarded in 2018, with a further award in 2019. It is anticipated this will be spent over a period of 10 years.

Student support fund £26,828 (2020: £55,636): due to the impact of Covid-19, donations totalling £55,636 received in 2020 were designated towards a support fund for students of the Royal Academy Schools. The remainder of the funds will be utilised in the 2021/2022 financial year.

Future Academy £546,809 (2020: £546,809): unrestricted donations and legacies received in 2019 and 2020 have been designated by Council for expenditure on the Royal Academy Schools (£36,293), the Collection (£14,974), education (£500) and the Presidents' Fund (£495,042), which is held for the general purposes of the Royal Academy.

27 Administered funds

The Royal Academy has six funds which have not been consolidated within the financial statements of the Royal Academy, on the basis that while the Royal Academy is administering the funds, it is not the ultimate beneficiary. However, as the funds are administered by the Royal Academy, these have been disclosed separately below for information.

These funds consist of the following:

Frampton Fund
Agnes Ethel MacKay Fund
Jack Goldhill Sculpture Fund
Charles Wollaston Award Fund
Pitchforth Scholarship Fund
Sir John Reeves Ellerman Fund

	2021	2020
	£	£
Income from investments	**88,407**	46,081
Expenditure	**(130,109)**	(155,232)
Net gains on investments	**831,397**	249,703
Net income	**789,695**	140,552
Total funds brought forward	**4,182,548**	4,041,996
Total funds carried forward	**4,972,243**	4,182,548
Represented by:		
Investments	**4,554,914**	3,740,510
Cash at bank	**132,874**	105,181
Debtors	**307,649**	351,232
Creditors	**(23,194)**	(14,375)
Total funds	**4,972,243**	4,182,548

28 Reconciliation of net income to net cash inflow from operating activities

	2021	2020
	£	£
		as restated
Net income	**6,057,422**	7,493,342
Heritage assets gifts	**-**	(250,000)
Amortisation of intangible assets	**417,980**	578,326
Depreciation of tangible assets	**3,482,493**	3,547,060
Diminution in value of investment property	**720,521**	-
Current pension service income	**(101,000)**	(106,000)
Pension contributions paid	**-**	(177,000)
Decrease/ (increase) in stock	**161,899**	(66,316)
Decrease in debtors	**1,001,181**	652,290
Decrease in creditors	**(1,436,556)**	(4,310,747)
Interest paid	**483,703**	500,734
Interest received	**(8)**	(18,006)
Net gains on fixed asset investments	**(138,784)**	(31,305)
Net cash provided by operating activities	**10,648,851**	7,812,378

29 Pension costs

The Royal Academy, together with its subsidiary undertakings, participates in a funded defined benefit pension scheme, operated by the Royal Academy of Arts Pension Scheme (the "Scheme"), providing benefit based on final pensionable salary. The assets of the Scheme are held independently from those of the Royal Academy.

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to the members' final salary at retirement and their length of service up to the date on which the Scheme closed to future accrual, being 30 September 2016.

The Scheme is a registered scheme under UK legislation and was not contracted out of the State Sector Pension prior to the cessation of contracting out from 6 April 2016.

The Scheme is subject to the scheme funding requirements outlined in UK legislation.

The Scheme was established from 3 January 1985 under trust and is governed by the Scheme's definitive trust deed and rules dated 31 March 1998. The trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy.

A full actuarial valuation of the Scheme was carried out as at 31 August 2019 and has been updated to 31 August 2021 by a qualified independent actuary. The next full actuarial valuation of the Scheme will be as at 31 August 2022.

The value of the liabilities at the reporting date have been estimated by updating the results of the actuarial valuation as at 31 August 2019 to allow for the passage of time, actual inflation experience, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31 August 2019 to 31 August 2021.

Since June 2006 the Scheme has been closed to new members and closed to future accrual on 30 September 2016.

The major assumptions used by the actuary were (in nominal terms) as follows:	**2021**	2020
Discount rate	**1.6%**	1.5%
Inflation assumption (RPI)	**3.3%**	2.9%
Inflation assumption (CPI)	**2.4%**	2.0%
Rate of increase in salaries	**3.3%**	2.9%
Pension increases for service accrued:		
Pre 6 April 1997	**2.4%**	2.3%
6 April 1997 to 30 September 2006	**3.2%**	2.8%
Post 30 September 2006	**2.1%**	2.0%
Assumed life expectancies on retirement at age 60 are:		
Retiring in 2021 - Males	**26.7**	26.8
Retiring in 2021 - Females	**29.3**	29.3
Retiring in 2041 - Males	**28.2**	28.3
Retiring in 2041 - Females	**30.8**	30.8

The assumptions used in determining the overall expected return of the Scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins.

29 Pension costs (continued)

The assets in the Scheme were:	**2021**	2020
	£	£
Equities or equivalent	**14,373,000**	12,528,000
Corporate bonds	**25,183,000**	27,864,000
Cash	**844,000**	1,995,000
LDI funds	**13,356,000**	9,393,000
Fair value of Scheme assets	**53,756,000**	51,780,000
Present value of funded obligations	**(45,022,000)**	(45,068,000)
Surplus in funded Scheme	**8,734,000**	6,712,000
Net asset in balance sheet	**8,734,000**	6,712,000

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	**2021**	2020
	£	£
Benefit obligation at beginning of year	**45,068,000**	45,004,000
Interest cost	**665,000**	804,000
Actuarial losses / (gains)	**827,000**	(84,000)
Benefits paid	**(1,538,000)**	(656,000)
Benefit obligation at end of year	**45,022,000**	45,068,000

Reconciliation of opening and closing balances of the fair value of Scheme assets:	**2021**	2020
	£	£
Fair value of Scheme assets at beginning of year	**51,780,000**	50,802,000
Interest income on Scheme assets	**766,000**	910,000
Return on assets, excluding interest income	**2,748,000**	547,000
Contributions by employer	**-**	177,000
Benefits paid	**(1,538,000)**	(656,000)
Fair value of Scheme assets at end of year	**53,756,000**	51,780,000

The amounts recognised in the SOFA:	**2021**	2020
	£	£
Net interest on the defined benefit pension scheme asset	**(101,000)**	(106,000)
Total income	**(101,000)**	(106,000)

Remeasurement of the defined benefit pension scheme asset:	**2021**	2020
	£	£
Actuarial losses / (gains) on the liabilities	**827,000**	(84,000)
Return on assets, excluding interest income	**(2,748,000)**	(547,000)
Total remeasurement of the defined benefit pension scheme asset	**(1,921,000)**	(631,000)

30 Authorised and contracted capital expenditure

a. Group

	Total project cost £	Assets in course of construction £	Authorised but not contracted for £	Contracted for £	Unauthorised £
Other projects	276,180	276,180	-	-	-
Burlington Project - Phase II	17,800,000	2,539,028	14,089,663	1,171,309	-
Burlington Project - Phase III	5,000,000	486,202	-	-	4,513,798
Other Burlington Projects:					
Façade	750,000	30,876	719,124	-	-
Sackler lift	562,980	474,254	-	88,726	-
Total	**24,389,160**	**3,806,540**	**14,808,787**	**1,260,035**	**4,513,798**

b. Royal Academy

	Total project cost £	Assets in course of construction £	Authorised but not contracted for £	Contracted for £	Unauthorised £
Other projects	264,051	264,051	-	-	-
Burlington Project - Phase II	17,800,000	2,539,028	14,089,663	1,171,309	-
Burlington Project - Phase III	5,000,000	486,202	-	-	4,513,798
Other Burlington Projects:					
Façade	750,000	30,876	719,124	-	-
Sackler lift	562,980	474,254	-	88,726	-
Total	**24,377,031**	**3,794,411**	**14,808,787**	**1,260,035**	**4,513,798**

Burlington Project - Phase II, which is the redevelopment of the Royal Academy Schools, is in the final stages of design, with Stage 4 design to be signed off in late 2021. A £17.8m budget was approved by Council in April 2021. The work has been split into two phases. A smaller first phase will create new workshop spaces in 6 Burlington Gardens and a more significant second phase will refurbish the Royal Academy Schools main footprint in Burlington House starting in late 2022 and due to complete in late 2023. The strip out works for the 6 Burlington Gardens works were completed this year. Knight Harwood have been appointed as the main contractor for the 6 Burlington Gardens works and started in late August 2021 and are due to complete in early 2022.

Burlington Project - Phase III, which is the redevelopment of the Collection Gallery, is currently at an early design stage. Total costs are estimated at £5.0m and this has been fully fundraised for and is held in the Royal Academy Trust until required by the Royal Academy. £0.5m was donated by the Royal Academy Trust in 2018, with a further £0.5m in 2019 in respect of costs incurred to date with the balance being held in cash at bank. The remaining £4.0m is being held and invested by the Royal Academy Trust until required by the Royal Academy.

The façade project is in respect of the restoration and the cleaning of the Burlington House façade. This project is at a preliminary design stage but a £0.7m budget was approved by Council in April 2021. This has been fully fundraised for and is included in cash at bank less project costs incurred to date.

30 Authorised and contracted capital expenditure (continued)

The Sackler lift project is for a major modernisation of the lift, including the replacement of all electrical components, the hydraulic cylinder and door gear, and the refurbishment of the lift cart. The project has been funded by a donor, who wishes to remain anonymous, who donated £0.5m which is included in cash at bank less project costs incurred to date. The project is due to complete in late 2021.

31 Contingent liabilities

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2021 (2020: none).

32 Financial commitments

a. Group

At 31 August total commitments under operating leases were as follows:

	Land and buildings £	**Other £**	**2021 Total £**	Land and buildings £	Other £	2020 Total £
Under one year	**38,012**	**432,618**	**470,630**	19,649	432,618	452,267
Two to five years	**114,036**	**835,952**	**949,988**	-	1,175,822	1,175,822
Total	**152,048**	**1,268,571**	**1,420,619**	19,649	1,608,440	1,628,089

b. Royal Academy

At 31 August total commitments under operating leases were as follows:

	Land and buildings £	**Other £**	**2021 Total £**	Land and buildings £	Other £	2020 Total £
Under one year	**38,012**	**398,568**	**436,580**	19,649	398,568	418,217
Two to five years	**114,036**	**814,687**	**928,723**	-	1,134,907	1,134,907
Total	**152,048**	**1,213,255**	**1,365,303**	19,649	1,533,475	1,553,124

33 Financial instruments

The financial statements include the following financial instruments at 31 August:

	Group		**Royal Academy**	
	2021 £	2020 £	**2021 £**	2020 £
Financial assets measured at amortised cost	**1,261,541**	2,007,704	**2,723,344**	3,048,019
Financial liabilities measured at amortised cost	**17,241,729**	18,977,963	**17,246,195**	19,062,168
Financial assets measured at fair value	**1,870,089**	806,305	**1,870,089**	806,305

34 Related party transactions

Those in positions of authority within the Group, including trustees, Council members and directors, use facilities of the Group on the same terms as other Royal Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, Summer Exhibition, and auctions, and also the use of catering facilities. For the year ended 31 August 2021, all transactions with related parties are considered within the scope of normal transactions.

Income of £nil (2020: £940,258) was received from R.A. Enterprises Limited, being a distribution of 100% of their net income for the year. In addition, R.A. Enterprises Limited was recharged salaries of £1,928,041 (2020: £2,282,250) and other expenses of £85,610 (2020: £56,230). At the year end, £1,812,132 (2020: £1,425,048) was owed and included within the Royal Academy's debtors.

Income of £nil (2020: £9,219) was received from Burlington House Limited, being a distribution of 100% of their net income for the year. In addition, Burlington House Limited recharged expenses of £nil (2020: £8,413). At the year end, £227,697 (2020: £301,514) was outstanding and included within the Royal Academy's creditors.

Income of £568,407 (2020: £1,657,201) was received from RA (Arts) Limited, being a distribution of 100% of their net income for the year. In addition, RA (Arts) Limited was recharged salaries of £65,878 (2020: £112,100) and recharged to the Royal Academy expenses of £128,263 (2020: £143,357). At the year end, £81,287 (2020: £181,246 debtor) was outstanding and included within the Royal Academy's creditors.

Income of £11,144,509 (2020: £11,527,070) was received from The Friends of the Royal Academy, of which £696,014 (2020: £nil) relates to unrestricted legacy income received by The Friends of the Royal Academy and donated to the Coronavirus Emergency Support Fund, with the balance of £10,448,495 (2020: £11,527,070) being 100% of their net income for the year. In addition, The Friends of the Royal Academy reimbursed salary and other expenses recharged of £802,240 (2020: £750,017). At the year end, £81,635 (2020: £41,343 debtor) was outstanding and included within creditors.

In order to optimise cash management efficiency, the sterling current accounts of the Royal Academy, its subsidiary undertakings and The Friends of the Royal Academy are pooled, such that overnight all cleared debit and credit balances on the current accounts of these entities are set off into a single Royal Academy account. The debtor and creditor balances between each of the entities in this pooling group at the year end in part reflects this pooling arrangement.

During the year, the Royal Academy received income of £2,969,498 (2020: £2,383,462) from the Royal Academy Trust with donations of £2,000,000 towards Burlington Project - Phase I (2020: £1,505,000) and £969,498 (2020: £878,462) further donations to support various campaigns and projects undertaken. Donations of £15,328 to the Royal Academy Trust (2020: £16,828) relates to unspent funds from the cataloguing project. At the year end, £435,941 (2020: £391,915) was owed and included within the Royal Academy's debtors.

The trustees donated a total of £nil (2020: £9,500) to the Royal Academy during the year. Of these amounts, £nil (2020: £9,500) was donated towards the Coronavirus Emergency Support Fund.

35 Prior year restatement

The prior year figures have been restated for adjustments made in the final accounts for two of the Royal Academy's trading subsidiaries, RA (Arts) Limited and Burlington House Limited. The impact of this on the Statement of Financial Activities for the year ended 31 August 2020 is a reduction of £73,000 in income and an increase in expenditure of £5,398 and a reduction in net income of £78,398. The impact on the Group Balance Sheet as at 31 August 2020 is a reduction in debtors of £78,398 and a reduction in unrestricted general funds of £78,398. The impact on the Royal Academy Balance Sheet as at 31 August 2020 is a reduction in debtors of £73,000, an increase in creditors of £5,398 and a reduction in unrestricted general funds of £78,398.

THE ROYAL ACADEMY OF ARTS

England & Wales - Charity number 1125383

Accounts

THE ROYAL ACADEMY OF ARTS

(A Company Limited by Guarantee)

Registered Charity No. 1125383
Registered Company No. 06298947

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2020

The Royal Academy of Arts
Trustees' Report
For the year ended 31 August 2020

Registered Charity No. 1125383
Registered Company No. 06298947

PRESIDENT AND COUNCIL:
In the financial year and at the date of signing:

President
Christopher Le Brun PRA (resigned 10 December 2019)
Rebecca Salter PRA (appointed 10 December 2019)

Council
Ron Arad RA (resigned 6 October 2020)
His Honour Judge Tony Baumgartner (appointed 1 October 2019)
Helen Boaden
Stephen Chambers RA (appointed 6 October 2020)
Ann Christopher RA (appointed 6 October 2020)
Anne Desmet RA (resigned 1 October 2019)
Professor Stephen Farthing RA (appointed 1 October 2019; resigned 1 August 2020)
Brendan Finucane QC (resigned 1 October 2019)
Simon Friend
Piers Gough CBE RA (appointed 6 October 2020)
Prof Lubaina Himid CBE RA Elect (appointed 6 October 2020)
Gary Hume RA
Louisa Hutton OBE RA (resigned 6 October 2020)
Vanessa Jackson RA (appointed 4 February 2020)
Michael Landy RA (resigned 6 October 2020)
Jock McFadyen RA (appointed 6 October 2020)
Professor David Mach RA (appointed 1 October 2019; resigned 14 September 2020)
Professor Farshid Moussavi OBE RA (appointed 1 October 2019; resigned 6 October 2020)
Humphrey Ocean RA
Hughie O'Donoghue RA (resigned 18 September 2020)
Eric Parry RA (resigned 1 October 2019)
Grayson Perry CBE RA (appointed 1 October 2019)
Professor Cathie Pilkington RA (resigned 1 October 2019; appointed 1 August 2020; resigned 6 October 2020)
Fiona Rae RA (resigned 1 October 2019; appointed 6 October 2020)
Peter Randall-Page RA (appointed 1 October 2019; resigned 6 October 2020)
Eva Rothschild RA (appointed 1 October 2019)
Peter St John RA (appointed 6 October 2020)
Wolfgang Tillmans RA (resigned 1 October 2019)
Rebecca Warren RA (resigned 1 October 2019)
Richard Wilson RA (resigned 1 October 2019)
Chris Wilkinson OBE RA (appointed 14 September 2020; resigned 6 October 2020)

Officers

Christopher Le Brun PRA (resigned 10 December 2019)	President
Rebecca Salter PRA (appointed 10 December 2019)	President
Rebecca Salter PRA (resigned 10 December 2019)	Keeper
Professor Cathie Pilkington RA (appointed 7 July 2020)	Keeper
Chris Wilkinson OBE RA (retired 31 October 2020)	Treasurer
Peter St John (appointed 1 November 2020)	Treasurer
Axel Rüger	Secretary and Chief Executive

Company Secretary
Benedict Anstey

Royal Academy Committees
at the date of signing[1]:

Senior Leadership Team
Axel Rüger
Charlotte Appleyard
Eliza Bonham Carter
Carl Hitchcock
Rebecca Lyons
Natasha Mitchell
Jo Prosser
Andrea Tarsia

Exhibitions Committee
Stephen Chambers RA (Chairman)
Professor Josephine Dawn Ades CBE FBA
Professor Brian Catling RA
Richard Deacon CBE RA
Anne Desmet RA
Louisa Hutton OBE RA
Professor Chantal Joffe RA
Jane and Louise Wilson RA ELECT
President *ex officio*
Treasurer *ex officio*
Keeper *ex officio*

Finance Committee
Peter St John (Chairman)
Simon Friend
Pesh Framjee
Andrea O'Keeffe
Conrad Shawcross RA
Peter Williams

Audit Committee
Simon Friend (Chairman)
Ann Christopher RA
John Collier
Anne Desmet RA
Clive Humby
Professor Ian Ritchie CBE RA

Remuneration Committee
Helen Boaden (Chairperson)
John Collier
Kerstin Mogull
Eric Parry RA
Bill Woodrow RA

Professional Advisors:

Auditors
Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers
Lloyds Bank Plc
4th Floor
25 Gresham Street
London EC2R 8LA

Investment Managers
Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

Solicitors
Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT

Withers LLP
16 Old Bailey
London EC4M 7EG

Birketts LLP
141-145 Princes Street
Ipswich IP1 1QJ

Registered Office
Burlington House
Piccadilly
London W1J 0BD

[1] Other committees of Council not detailed here are: Annual Dinner Committee; Architecture Committee; Buildings Committee; Collections and Library Committee; Learning Committee; Schools Committee; and Summer Exhibition Committee.

The Royal Academy of Arts
Trustees' Report
For the year ended 31 August 2020

CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

The Royal Academy of Arts ("Royal Academy" or "RA" or "Academy") was incorporated as a company limited by guarantee on 2 July 2007, company registration number 06298947, and registered as a charity on 6 August 2008, charity registration number 1125383.

The incorporated Royal Academy commenced trading on 1 September 2009 following the transfer of the net assets and undertakings from the unincorporated Royal Academy, charity registration number 212798.

The Royal Academy today continues to aspire, in the words of its 18th century founders, to "promote the arts of design". It believes in learning through first-hand experience of the arts and is unique in its combination of practical work, exhibitions and learning programmes.

Its members, the Royal Academicians ("Academicians"), are painters, sculptors, architects, engravers, printmakers and draughtsman elected by their peers for their distinction as artists. There are up to 100 active Academicians (under the age of 75) who form the General Assembly and a number of senior Academicians (over the age of 75).

The Royal Academy receives no direct revenue support from the government or any other public body.

The Royal Academy's charitable objects are:

- The promotion of the arts of design
- The education of the public in the creation, enjoyment, appreciation and understanding of the arts, through exhibitions, educational programmes and debate by all charitable means as the members of Council may think fit.

Governance and management

The Royal Academy is governed by its Board of Directors or trustees, who are referred to as the Council of the Royal Academy. The Council consists of thirteen Academicians, up to three individuals who are not Academicians, and the President.

Six seats in the Council go by rotation to all the Academicians, three go to newly elected Academicians and four are elected by the General Assembly of all Academicians. Academicians serve for one year (if newly elected) or two years for their second and subsequent terms. Elected Academicians serve for two years and are able to be re-elected for a further two terms of two years. The external members of Council are elected for a period of two years and may be re-elected for two further terms of two years. No member of Council may serve more than three consecutive terms.

The President serves on Council ex officio. The Keeper and the Treasurer attend Council but are not members of Council. However, the current Treasurer Peter St John is serving his first one year term on Council as a newly elected Royal Academician.

Council normally meets monthly between October and the following July (but not in January); however, to direct the Royal Academy through the Covid-19 pandemic, Council met weekly in March 2020 and then fortnightly from April 2020 until December 2020. Changes in rules, elections, and discussion on important issues of the moment take place at General Assemblies, held three times a year. Council is responsible for approving adequate arrangements for induction and training for new Council members.

Newly elected Council members are:

- given a detailed "induction pack" of documents, which includes guidance on trustees' roles and duties and a copy of the Memorandum and Articles of Association of the Royal Academy, together with the Laws and the Administrative Instructions, which together form the governing documents of the RA and set out its structure, role and responsibilities;
- given copies of the annual reports and financial management reports;
- required to sign the Roll of Obligation (Academicians only);
- provided with an induction session before the first (October) Council meeting of the financial year, conducted by the RA's General Counsel, Secretary and Chief Executive and Director of Finance, which includes training on their duties as trustees and company directors;
- together with continuing Council members, provided with charity trustee training run externally by a specialist law firm; and
- invited to meet with members of the Executive Committee (now called the Senior Leadership Team ("the SLT")).

The Secretary and Chief Executive has delegated authority for the day-to-day running of the Royal Academy and, together with the President, Keeper and Treasurer, is an Officer of the RA and attends Council meetings.

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, Burlington House Limited and RA (Arts) Limited. Although these are separate legal entities, they are regarded as part of the Royal Academy "group" for management purposes and are included in the consolidated financial statements.

The Executive Committee (SLT), comprising senior members of staff and led by the Secretary and Chief Executive, has delegated responsibility for the day-to-day running of the Royal Academy and implements policies and strategies in accordance with the Administrative Instructions issued by Council. The Secretary and Chief Executive reports to Council.

The Finance Committee, currently composed of Council members, Academicians, external members appointed by Council (which includes a trustee of the Royal Academy Trust) and attended by senior members of staff and external advisors, makes recommendations to Council on the finances of the Royal Academy. The remit of the Finance Committee is to advise Council on matters of a financial nature and to oversee the financial management of the Royal Academy. The Finance Committee usually meets at least six times a year; however, the Committee has met at least monthly from March 2020 through to December 2020 during the Covid-19 pandemic.

The Audit Committee consisting of three Academicians and three external advisors reports to General Assembly through Council. Committee members are appointed initially for three years and the Committee usually meets at least four times a year. The remit of the Audit Committee is to monitor and review the systems of internal financial control, risk management and financial reporting and to advise Council on matters arising as appropriate. The Audit Committee has the unrestricted power to enquire into any item or items of income and expenditure or any matter giving rise to a risk that may require mitigation of the Royal Academy "group". It has the specific responsibilities to receive the annual report and consolidated financial statements, together with the auditors' report thereon, and to submit these documents to Council with the Audit Committee's comments, prior to publishing and distributing their comments to all Academicians for the General Assembly. The Audit Committee advises General Assembly on the stewardship of arrangements with internal and external audit and reports at least once a year to Council on the financial condition of the Royal Academy "group".

The Exhibitions Committee consists of up to 15 members, to include the President of the Royal Academy, the Treasurer, the Keeper and a minimum of seven Academicians, not including the Officers. The Committee is responsible to Council for the exhibitions programme of the Royal Academy, with the object of crossing cultures and periods and aiming to engage, inspire and resonate with the Royal Academy's audiences and members. The Exhibitions Committee is responsible for: considering exhibition proposals; receiving recommendations for approval from the Architecture Committee and Collections Committee; advising Council on the work of the Exhibitions Department; overseeing exhibition projects; providing Council (via the Finance Committee) with regular financial reports; informing Council of changes to the exhibitions programme.

The Remuneration Committee consisting of Academicians, a member of Council and external specialist pay and benefits advisors, makes recommendations to Council. The remit of the Remuneration Committee includes responsibility for the general remuneration policy of the Royal Academy; the stipend paid to Academician Officers; the remuneration of the Secretary and Chief Executive and members of the SLT ("Key Management Personnel"); payments made by the Royal Academy to Academicians for their services; pension arrangements for Royal Academy employees; and incentive scheme arrangements and their constructs for Royal Academy employees. The Committee meets at least once but normally four times a year. The remuneration policy for Key Management Personnel is expected to follow the arrangements for other staff, except in the case of exceptional performance, based on appraisals and the written recommendation of the Secretary and Chief Executive, in which case it may be regarded as appropriate to either offer a one off, non-consolidated bonus, or to make an adjustment to their salary. The Secretary and Chief Executive will make his recommendations for Key Management Personnel to the Remuneration Committee based on their performance, together with affordability and relevant market and sector rates of pay according to independent benchmarking tools.

Connected charities

The Royal Academy Trust, set up in 1981 to provide funds for the support of the Royal Academy, is separately registered as a charity with its own trustees. As it is not controlled by the Royal Academy, its resources have not been consolidated with those of the Royal Academy.

The Friends of the Royal Academy, a separate charity with its own trustees, was incorporated as a company limited by guarantee in December 1976 to support the work of the Royal Academy. As with the Royal Academy Trust, it is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy.

Another separate, independent organisation – Royal Academy America – based in New York, existed to raise money for the Royal Academy. As with the Royal Academy Trust and Friends of the Royal Academy, this entity was is not controlled by the Royal Academy and its resources have not been consolidated with those of the Royal Academy. On 30 September 2020, a certificate of dissolution was signed, as part of the process for winding up this entity. In

future, Royal Academy fundraising in the U.S. will be conducted through a partner organisation – the King Baudouin Foundation.

Trustees' duties in relation to Section 172 of the Companies Act 2006
Members of Council, as directors of the Royal Academy, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006, which includes a duty to promote the success of the organisation, and in doing so have regard (amongst other matters) to:

- The likely consequences of any long-term decision
- The interests of the organisation's employees
- The need to foster the organisation's business relationships with suppliers, customers and others
- The impact of the organisation's operations on the community and the environment
- The desirability of the organisation to maintain a reputation for high standards of business conduct

This report summarises above the Royal Academy's governance framework, and its values and behaviours and how it has engaged with stakeholders throughout the year are considered further in this report. Council has considered the views and needs of key stakeholders in Council discussions and decision making. The following are not intended to be an exhaustive list but are illustrative of how Council has fulfilled its duties throughout the year.

Decision making
As part of their induction, new members of Council are briefed on their duties, as detailed on page 3. The Secretary and Chief Executive has delegated authority for the day-to-day running of the Royal Academy and, together with the President, Keeper and Treasurer, is an Officer of the RA and attends Council meetings. Council normally meets monthly between October and the following July (but not in January) and receives papers and reports on key strategic matters at each meeting in order to provide assurance and to assist Council in their decision making. In addition to this, a detailed risk management framework is used to identify and manage risks in all the Royal Academy's activities. For further details on our risk management framework and principal risks and uncertainties please refer to page 23.

Stakeholder engagement

Staff and volunteers
The Royal Academy's staff, together with its casuals and volunteers, are central to its ability to deliver its charitable mission. The Royal Academy has a clear set of values linked to its mission and is committed to being both an inclusive, diverse and flexible employer. The Royal Academy works to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability or any other protected characteristics. Further information on gender pay and reporting, diversity and inclusion and disability and wellbeing is provided in other sections of this report. The Royal Academy will continue its work on inclusion and racial equity across all aspects of the RA and is mindful of the ways that it can rebuild its programmes and the organisation to make every visitor feel welcome, and to create a more equitable workplace and place of study.

Staff are invited to submit questions in regular "All Staff Meetings" and take part in a programme of "Show and Tell" sessions to raise awareness of the work of the broader organisation. Academicians and Professors of the Royal Academy Schools have participated alongside staff of the RA. The Senior Leadership Team meet on a regular basis to discuss key activities, ways of working and to cascade messages throughout the organisation, in addition to sharing feedback from Council or its various committees. All staff were invited to participate in a staff survey in the first half of 2019, which aimed to draw out points of focus for the Senior Leadership Team and Council. One of the points arising, which the Senior Leadership Team has sought to improve, is communication to ensure transparent and timely updates of key decisions. This has proved particularly important during the Covid-19 pandemic, with the decisions made to close to the public in March 2020 and subsequently reopen in July 2020 and with these decisions consideration of the impact to staff health and safety and wellbeing, for both those on site and those experiencing extended periods of working from home.

Business relationships with suppliers, customers and others
The delivery of the Royal Academy's charitable aims and objectives is dependent on a range of relationships with suppliers and other business partners. Council has encouraged the Senior Leadership Team and wider management to develop and maintain trusted partnerships with both and expects the Royal Academy's partners to be aligned with its values. The Royal Academy seeks to act with honesty and integrity in all it does to deliver the best value for money in our mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." Partner organisations are expected to comply with the requirements of any professional standards, or trade bodies, depending on their activities, and all applicable laws, statutes, regulations and codes of practice relating to anti-bribery and anti-corruption.

The Royal Academy has a zero-tolerance approach to modern slavery and strives to act ethically and with integrity in all of its business dealings and relationships to ensure that modern slavery does not take place in its own

organisation or in any of its supply chains. The Royal Academy will continue to ensure that this approach is clear to partner organisations.

Further details of the Royal Academy's policies in relation to its business relationships with companies, suppliers, customers and others, including supplier Terms and Conditions are available on the Royal Academy's website and a statement on Modern Slavery can be found at: royalacademy.org.uk/modern-slavery-and-human-trafficking-statement.

Sustainability and environmental impact
Council recognises the threats posed by climate change, pollution and resource depletion and the need to address these through effective and ethical decision making. The Royal Academy launched a Sustainability Taskforce last year with a series of commitments to ensure that its environmental and economic impact are considered. Further information on sustainability initiatives can be found on page 15, along with our Streamlined Energy and Carbon Reporting (SECR).

Governance reviews and Charity Governance Code
The Royal Academy and its trustees take good governance seriously and are aware of the Charity Governance Code, including its seven main principles.

2016 review
In 2016 a detailed governance review was carried out, including recommendations to improve areas on decision-making, risk and control. This included reviewing memberships of committees and introducing clear and precise terms of reference for those committees, following a standard format. Building on this and other work, the Royal Academy has:

- Reviewed and updated terms of reference for all committees and governance bodies, including specific attention to confidentiality and data protection;
- Reviewed and updated the Royal Academy's Administrative Instructions;
- Introduced improved policies and procedures relating to areas such as whistleblowing, incident reporting and data protection; and
- Continued to implement and embed policies and governance structures relating to areas such as gift acceptance and conflicts of interest.

2020 review
In July 2020, Mazars (the Royal Academy's internal auditors) produced a report from a review of the Royal Academy's corporate governance. The review assessed the core functions of corporate governance at the Royal Academy, the extent of any key changes in corporate governance that had been embedded following the appointment of the Secretary and Chief Executive, as well as considering the guidance contained in the seven principles for good governance set out in the Charity Governance Code. The review found "adequate assurance" overall in terms of the Royal Academy's "internal controls". Examples of where controls were found to be operating reliably included:

- "Roles, responsibilities and accountabilities of Council, committees, directors and trustees are clearly defined and […] decisions are recorded for transparency";
- "…the structure, objective and reporting lines of key committees have been clearly defined [in Terms of Reference]"; and
- "[Council minutes provide] suitable documentation of discussion for all meetings reviewed. This provides an effective record of the meeting, and of actions and decisions emerging from this".

The report included eight principal recommendations, of which: none were considered "fundamental"; five were considered "significant"; and three were considered "housekeeping". The five "significant" recommendations related to:

- Council, board and committee induction and training;
- Skills mix (on committees and boards);
- Clarification of reporting structures and cross-committee communication;
- Board effectiveness (recommending this be reviewed); and
- Conflicts of interest (completing registers and managing this in the future).

In terms of assessment against the seven principles set out in the Charity Governance Code, the review found:

- Two areas "generally aligned" - "Organisational purpose" and "Integrity";
- Four areas "partially aligned" – "Leadership", "Decision making, risk and control", "Diversity", and "Openness and accountability"; and
- One area "did not align" – "Board effectiveness". This finding was because the Royal Academy has not undertaken specific board effectiveness review exercises, rather than indicating that the board is ineffective.

Some steps have been taken already which help improve in the areas raised by the review. For example, Council induction and training has been reviewed and enhanced; Council now maintains a separate log of actions and decisions in addition to minutes; the approach to minute-taking at Council has been reviewed; and conflicts of interest registers are continually improving. The Royal Academy will continue to monitor and improve its governance processes, in particular taking into account the outcomes of the reviews described, and prioritising specific areas for development and improvement.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Royal Academy continues and that appropriate adaptations are made. It is the policy of the Royal Academy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation
The Royal Academy places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Royal Academy. This is achieved through formal and informal meetings including the regular "Show and Tell" sessions, All Staff Meetings and on the Royal Academy's intranet. This has been particularly important and challenging during the Covid-19 pandemic, during which regular All Staff Meetings have been held using Zoom supplementing regular all staff e-mails sent by both the Secretary and Chief Executive and the President.

Current year objectives
In the autumn of 2019, the Royal Academy commenced a strategic review of its objectives and operations. A first assessment of the state of the RA was presented to Council in February 2020, describing a range of issues that needed addressing across the different parts of the organisation. This review followed on from the delivery of the previous five year Strategic Plan 2013-2018 culminating in the RA's 250th anniversary – a period of substantial expansion – but also reflected the assessment of the newly appointed Secretary and Chief Executive and, in particular, identified the need to create a financially robust and sustainable model going forward. It was acknowledged that significant changes to the organisation were needed to place the RA on a more financially sustainable footing.

Coronavirus (Covid-19) pandemic
As these changes were being considered, the situation was exacerbated with the onset of the Covid-19 pandemic which forced the RA to close its doors to the public in March 2020. The RA remained closed for almost four months and, apart from continued contributions from its loyal Friends, Patrons, corporate sponsors and e-commerce (from May 2020), lost all revenue from its other critical income streams – namely ticket sales, on-site retail, catering and venue hire. The RA was able to re-open its doors in July 2020 under government restrictions but only to a much-reduced visitor capacity allowing for 20-25% of normal attendance. Many of its income generating activities, including its expanded public programme of events and lectures, have still not been able to resume.

Given the severe impact of the pandemic, the RA faced a forecast annual shortfall of £10m over the next two financial years. Moreover, the projected timeline for managing the impact of the virus coupled with the economic outlook over the next two years suggests it could take as long as five years for the RA to return to income levels seen pre-Covid-19.

Over the summer of 2020, the pre-pandemic Strategic Plan and its priorities were reviewed in full, and in September 2020 the RA worked intensively on a vision for its programme of activity, audience strategy and cost base to ensure its survival over the coming five years, in order to both mitigate the forecast shortfall over the next two years, and to be financially sustainable over the medium and long term. This formed the basis for a re-organisation the RA has embarked on since the start of the new financial year.

Vision 2021-25
The Royal Academy of Arts is one of the oldest arts organisations in the United Kingdom. Founded in 1768 by a group of artists, it has remained an artists' association, led by its members, the Royal Academicians, to the present day. As a "Home for art, artists and architects" the RA has as its founding mission to "work together to promote the arts of design; and educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." Going forward, the RA intends to focus on the "core" activities that support these founding principles: the Membership of the Royal Academicians, the RA Schools, its exhibitions programme, its Collection, and its commitment to learning, all with a view to retain and further develop its audiences and re-build its income streams.

In order to protect and sustain the "core" RA mission activities, in the immediate future the RA will:

Focus on an essential programme that serves its audiences
Critical to this is an ambitious, international, inspiring and diverse exhibitions programme, as well as continued engagement with audiences on site, online and in print.

Continue to welcome and serve its audiences
The RA is known for its warm and convivial atmosphere and the sense of community it creates. It will need to continue to provide the characteristic hospitality and safe environment that RA audiences have come to expect and to uphold an excellence of experience, onsite and online.

Prioritise cost reduction for a five year horizon
The recent history of the RA has been defined by growth; the opening of the RA's new extended campus in 2018 sparked growing ambitions, increasing levels of activity and an expanding staff base. In the next five years, the RA will need to focus on sustainability and reinforcing the foundations of its operating model.

In order to respond to the extent of the shortfall in income due to Covid-19 over the next two years the RA will need to reduce activity more significantly. Much of this activity would also be impractical due to Covid-19 restrictions. This period needs to act as a "circuit breaker" that will save a significant amount of money and set the RA up for the next phase of recovery. Following this initial period, the next three years will need to reflect a disciplined and sustainable approach as the RA establishes its post Covid-19 "new normal".

Proactively support race and gender equity and inclusion
At the Royal Academy we work to ensure that no disadvantage or prejudice is shown on account of race, age, gender, disability or any other protected characteristics.

We continue our work on inclusion and racial equity across all aspects of the RA and are mindful of the ways that we can rebuild our programmes and our institution to make every visitor feel welcome, and to create a more equitable workplace and place of study.

Continue to improve the sustainability of its infrastructure
The RA recognises the importance of environmental sustainability and is determined to implement sustainable practices throughout the organisation. The RA is committed to acting responsibly and sustainably, and to this end has established the Sustainability Taskforce group to provide a forum for discussion and collaboration, to strengthen the organisation's vision and ambitions for becoming more environmentally sustainable, and to encourage staff to commit to their individual responsibilities to act more sustainably.

Senior Leadership Team
In order to deliver these ambitions, in September 2020 the Royal Academy restructured its previous Executive and announced a new Senior Leadership Team to support decision making and execution across the organisation. Led by the Secretary and Chief Executive, seven directors assumed responsibility for the following areas: Audiences and Experience, Exhibitions, Collections and Learning, the RA Schools, Development, Corporate Services, and Finance.

ACTIVITIES, ACHIEVEMENTS AND IMPACT

Review of activities
Looking back on 2019/20, we chart our progress within the seven pillars described above.

Audiences and Experience
The year was characterised by an increased and sustained commitment to visitors and their experience of the RA offer, both in person and online. As part of the impending re-organisation, the strategic and financial importance of understanding visitor motivations and feedback was reflected in the creation of the new Audiences and Experience pillar, which unites all audience-facing departments and connects their direction.

The RA's 2019/20 season launched strongly, with *Antony Gormley* being ranked as the most attended paid-for London exhibition of 2019. The exhibition received extensive press coverage in the UK and internationally, including an exclusive behind-the-scenes feature on BBC's *The One Show*. Exceptionally, three national TV items on the exhibition ran successively in one evening (*The One Show, Channel 4 News* and *ITV News at Ten*). Visitor experience was prioritised at each stage of the exhibition run, with strong digital promotion and a focus on online booking leading to 70% of bookings being made online. A series of short films took audiences inside the exhibition, using a drone camera to show otherwise unseen views of the works, and behind the scenes of its making in the studio with the artist. Designed in multiple formats to reach across the RA's channels, they were watched 350,000 times. The *Antony Gormley* page on the RA website attracted a record 1,379,590 views and generated £2.0m in online revenue for ticket sales.

The audience for *Antony Gormley* included over 40,000 first time bookers and high attendance by under 16s and students. Further diversity was reflected in 25% of the audience to the exhibition coming from outside London and the south east. Audience appetite for peak pricing was also tested for the first time, which drove a 10% increase in income, generating over £0.2m in incremental income. The physical nature of the exhibition, and the requirement for constant vigilance and circulation management within the galleries, created new standards of training and customer care delivered by RA Front of House teams. This additional level of service and care was also evident in the exhibition *Eco-Visionaries: confronting a planet in a state of emergency*, where a high level of understanding of the exhibition's themes and values was required.

Autumn 2019 delivered the first major season of the new retail strategy, which was developed through 2018/19. The exhibition range for *Antony Gormley* included special editions, collaborations and selections by the artist, integrated with the wider retail offer. This range contributed to the highest recorded spend per head and attracted critical acclaim. RA Publishing developed a series of successful titles including major exhibition catalogues and books created in conjunction with Royal Academicians, such as Rose Wylie RA and Professor Humphrey Ocean RA.

In early 2019/20, public areas in the RA's extended campus were reconsidered to maximise visitor experience and satisfaction. New signage, seating and design principles were introduced in the Wohl Entrance Hall and landing, as well as all corridors and common areas. Visitor welcome was also the driving factor in a thematic takeover of the entrance to *Picasso and Paper* in January 2020, which saw the Burlington House stairs and vestibule transformed into a celebration of paper and texture. The *Picasso and Paper* spectacle continued beyond the Academy's walls in a special screening of a 30-minute film about the exhibition on the famous Piccadilly Circus billboards, in collaboration with Ocean Media. This impressive sight, and first for the RA, was the result of a collaborative project across the organisation involving Development, Digital, Marketing, Design and Exhibitions.

The onset of the Coronavirus pandemic and abrupt closure of the RA on 17 March 2020 was sudden and shocking for both audiences and staff and required quick thinking to ensure a continuity of service.

E-commerce was swiftly reorganised and returned quickly in May 2020, as did the activities of the RA Magazine and Marketing, which worked to retain loyal audiences and Friends in particular. The RA developed a sector-leading presence online, driving huge visitor numbers and engagement with activities such as the #RADailyDoodle. The hashtag reached up to 100 million Twitter feeds and was featured widely in the UK press as well as the New York Times. Friends and wider audiences engaged strongly with the RA's digital content during the Coronavirus-imposed lockdown, with visits to written and multimedia editorial content up 400% on an average month with around 400,000 page-views. Video consumption across RA platforms increased by nearly 400% on the previous year, largely due to virtual exhibition tours created in this period. The RA gained nearly 70,000 new social media followers in the months of closure, compared with 30,000 in the previous period, and overall engagement on social media increased by 102% year on year. Traffic to the RA website from social media increased by 41%, with overall website traffic peaking at nearly 80,000 daily views. The year also saw record engagement for RA emails, with engagement growing by 192% among Friends and 207% among public audiences during closure, compared to pre-closure averages. Email was frequently the primary source of traffic to the RA website during closure, with 6,000 additional sign ups counted compared to 2,000 in the preceding four months.

Summer 2020 saw intensive work on a plan to reopen the Royal Academy following the lifting of the Coronavirus lockdown measures. Audience confidence and engagement were central to the final three phased approach to gradually increase the space, days and opening hours available in order to build staff and visitor reassurance steadily and carefully. The RA was the second major cultural institution to officially reopen after the lockdown on 9 July 2020 when it hosted a special visit from the Secretary of State for Digital, Culture, Media and Sport, the Rt Hon Oliver Dowden. The Secretary of State took part in a short ceremony launching the government's Culture Recovery Fund, before visiting *Picasso and Paper* with Rebecca Salter PRA and Secretary and Chief Executive, Axel Rüger. Throughout the gradual reopening of the RA, Front of House teams delivered an immaculately planned and designed experience, maintaining safe, clean environments and processes with RA humour and charm. A strong visitor-facing identity and tone of voice was developed in collaboration with Front of House teams and the direct, personal connection they have with visitors. Audience feedback since the reopening has been strongly positive, underlining the importance of visitor satisfaction and support as the RA looks to build its audiences in 2020/21.

Exhibitions

Main Galleries

Antony Gormley (September – December 2019) was the artist's most significant UK show in over a decade, and the first to unite works created throughout his 45-year career. The exhibition brought together existing and new works conceived especially in response to the RA's historic galleries, ranging from drawings and sculptures to expansive and immersive installations that explored Gormley's use of natural and industrial materials including clay, seawater, beaten lead, cast iron, concrete and engineered steel. The exhibition focused on Gormley's enduring preoccupation with the body and its relationship to its surroundings, creating a series of immersive experiences that engaged visitors

using scale, darkness and light, smell and touch. Highlights included *CLEARING X (2019)*, a chaotic energy field of arcs and coils of 30mm-square aluminium tube, held in place by the bounding walls and ceiling of the RA's Large Weston Room. In the largest gallery, a cloud of room sized volumes of steel mesh drifted above visitors' heads in a piece called *MATRIX (2019)*. Visitors were invited to physically enter a new work, *CAVE (2019)*: a body-shaped cluster of cuboid voids, set at apparently random angles. This hunched, looming form all but filled the gallery it occupied, and the slow passage through its series of dark and light chambers prompted an awareness of the interior space of visitors' own bodies. The exhibition was visited by a total of 284,274 people, with an average daily attendance of 3,842. This exhibition was supported by BNP Paribas, White Cube, The Blavatnik Family Foundation, The Steel Charitable Trust, Cate Olson and Nash Robbins and Arcelor Mittal.

Picasso's dedicated and intense engagement with paper was the subject of *Picasso and Paper* (January – March 2020; August – September 2020). The exhibition united over 300 works spanning the artist's entire career, unfolding within a broadly chronological framework. It explored how Picasso invented a universe of art involving paper in myriad forms – from collages and sculptures created from pieces of torn and burnt paper – to manipulated photographs, experimental graphic works, and prints using everyday ephemera like newspapers and napkins. Among the highlights were *Femmes à leur toilette (1937-38)* – an extraordinary 4.8-metre-wide collage, Cubist papiers-collés guitars, and sketchbooks containing studies for *Les Demoiselles d'Avignon*. The exhibition also included a small number of closely related paintings and sculptures, including Picasso's great masterpiece of the Blue Period, *La Vie (1903),* his bronze *Head of a Woman (Fernande) (1909),* and the documentary film *Le Mystère Picasso (1955).* The exhibition was organised in collaboration with the Musée National Picasso, Paris and the Cleveland Museum of Art. Owing to the Coronavirus pandemic, *Picasso and Paper* closed in spring 2020 for half of its intended run and was extended until 2 August 2020 under capacity restrictions. A total of 125,875 people attended. The exhibition was supported by the City of Malaga, La Fundación Bancaria Unicaja, Unicaja Banco, Diputación de Málaga Costa del Sol, Viking, Tavolozza Foundation, The Magic Trust, Estrella Damm, and Argile.

Sackler Wing of Galleries

An exhibition of Lucian Freud's work was the first to focus on his career defining self-portraits. *Lucian Freud: The Self-Portraits* (October 2019 – January 2020) supported by Phillips, Offer Waterman and Ömer Koç united around 50 works spanning seven decades, executed on canvas, paper, and etching plate. The exhibition, seen by 133,704 people, charted a trajectory through Freud's development as a painter, exploring how he turned to self-portraiture at key moments in his practice. It also charted a life's journey, from young boy to old man, in an ongoing study into the process of physical ageing. Highlights included Freud's first major self-portrait *Man with a Feather (1943)* and *Hotel Bedroom (1954)*, the last work he painted sitting down at the easel. The exhibition was organised in collaboration with the Museum of Fine Arts, Boston. A film of the exhibition by Exhibition on Screen was aired in cinemas worldwide in January 2020.

Léon Spilliaert (February – March 2020; August – September 2020), supported by the Government of Flanders and Sotheby's Belgium was the first major exhibition of the Belgian artist to be held in the UK. Uniting around 80 works drawn from public and private collections across Europe and the USA, the exhibition offered a rare opportunity to discover the intriguing, singular artist, whose atmospheric works are often imbued with a sense of mystery, poetry and melancholy. The exhibition was organised in four thematic sections that focused on Spilliaert's engagement with literature, theatre and book illustration; quiet still life and interior scenes; his fascination with the liminal areas between land and sea; and his recurring interest in self-portraiture. The exhibition closed shortly after opening due to the RA's closure; however, was able to reopen in July 2020 thanks to the generosity of lenders and the exhibition's partner, the Musee d'Orsay, which was prepared to postpone the opening date of its exhibition. *Léon Spilliaert* was seen by a total of 18,089 people under capacity restrictions.

Gabrielle Jungels-Winkler Galleries

Helene Schjerfbeck (July – October 2019) supported by the Jane and Aatos Erkko Foundation and the Athene Foundation was the first presentation in the UK of Finland's most celebrated artist. The exhibition charted Schjerfbeck's stylistic shift from the studied naturalism of the late 19th century to a radical form of figurative modernism, exemplified by the abstracted self-portraits for which she is best known. Most works were loaned from exhibition partner Ateneum Art Museum, part of the Finnish National Gallery in Helsinki. Others drawn from private collections in Europe are rarely seen. Highlights included a series of 17 progressively abstracted and increasingly raw works painted throughout the artist's life from the age of 22 to 83, that revealed Schjerfbeck's fascination with aging and the physical deterioration of the self. *Helene Schjerfbeck* was visited by a total of 68,410 people.

The multidisciplinary exhibition *Eco-Visionaries: Confronting a planet in a state of emergency* (November 2019 – February 2020) explored global ecological challenges through the work of contemporary artists and architects. Seen by 46,526 people, it brought together immersive films and photography, interactive installations, architectural models and digital media, all of which considered the impact of humans on the planet or proposed alternative visions for the future. Participants included architects Unknown Fields, Andrés Jaque / Office for Political Innovation, and Philippe Rahm Architects, artists Olafur Eliasson, Tue Greenfort and Rimini Protokoll, and designers Dunne & Raby and Daisy Ginsberg. The exhibition was a collaborative project developed between several European museums, including

MAAT (Lisbon, Portugal), Bildmuseet (Umeå, Sweden), HeK (Basel, Switzerland), LABoral (Gijón, Spain) and Matadero (Madrid, Spain). This exhibition was supported by Octopus Energy, Scott and Laura Malkin, the Swiss Arts Council Pro Helvetia and International Patrons of the Royal Academy of Arts.

As a result of the Coronavirus pandemic, two exhibitions scheduled for the summer of 2020 were unfortunately cancelled: *Angelica Kauffman*, organised in collaboration with the Museum Kunstpalast, Düsseldorf, and *Cézanne: The Rock and Quarry Paintings*, organised in collaboration with Princeton Art Museum. *Gauguin and the Impressionists: Masterpieces from the Ordrupgaard Collection* was postponed to August 2020 and the *Summer Exhibition* 2020 was postponed to October 2020. Both exhibitions will therefore be covered in our 2020/21 review.

Architecture Studio and Programme

The Architecture Studio hosted three installations with a variety of experimental formats and focuses. *What is radical today? 40 positions on architecture* (September – November 2019) showcased visual responses to the titular question "what is radical today?" by leading architects, artists, academics and creatives from around the world. The installation was designed by How About Studio with in-kind material support from FINSA. For the first time, the Studio hosted a designer in residence as part of a partnership with the Atelier Luma entitled *Algae Platform* (November 2019 – February 2020) to coincide with the *Eco-Visionaries* exhibition. It included experiments and object prototypes that used algae as a biomaterial, while the designer in residence, Sam Iliffe, developed and displayed his research over the course of the show, mapping London's algae and investigating potential new applications.

The RA held its third Architecture Awards with Derwent London as headline sponsor and the British Council as international partner, alongside the founding partner, The Dorfman Foundation. The Royal Academy Architecture Prize, which celebrates the culture of architecture, was awarded to artist Cristina Iglesias. Four finalists were also selected for the Royal Academy Dorfman Award, which recognises practices projecting the possible futures of architecture. The four finalists were AAU Anastas (Palestine), AOR Architects (Finland), BCKJ Architects (China), and WHBC Architects (Malaysia). The Architecture Awards Week, a series of events and celebrations including the selection of the winner of the RA Dorfman Award and a free closing party, was postponed to December 2020 due to Covid-19. Therefore, the Architecture Studio display showing the work of the 2019 Royal Academy Dorfman Award finalists entitled Architectural Futures was extended.

Prior to closure, the RA hosted 19 architecture focused onsite events with over 60 speakers from a range of disciplines, including panel discussions, lectures, film screenings and an academic symposium. These Architecture events were supported by Rocco Forte Hotels and were attended by approximately 3,000 visitors, with a selection available as podcasts on the RA website. Events included a lecture on the influence of Bauhaus on contemporary designers, focusing on the works of female designers, and a series of talks on ecology and the environment to accompany *Eco-Visionaries*. The RA was grateful to partner with Warwick University, MUBI and Atelier Luma on several public events. During the Coronavirus lockdown, the RA turned its focus to creating and sharing content through its dedicated architecture channels. Highlights included the Instagram series *"Lockdown Looking", "Walking Westminster"* and *"Architects' Studios"* as well as Instagram live conversations with Citizen magazine. The RA also partnered with the London Festival of Architecture to host the Festival's signature event, a symposium called *"Architecture and Power: Conversations around people and plac*e", which was held online to an audience of over 200 people.

Collections and Learning

The RA continued to share its Collection with audiences through innovative displays across the campus and in its dedicated Collection Gallery. Highlights included *The Ancestors* (September 2019 – February 2020), an engaging display of busts from the RA Collection curated by Professor Cathie Pilkington RA and Professor Alison Wilding RA. Set in the Ronald and Rita McAulay Gallery, visitors were encouraged to respond to the work using drawing materials provided, which resulted in nearly 6,000 visitor-made-artworks. A successful display of Laura Knight RA's work was shown in the Tennant Gallery, attracting 57,395 visitors throughout September 2019 – February 2020. This was followed by the work of Anthony Whishaw RA, which reflected on the influence of Spain on his work.

Drawings by Minnie Jane Hardman, a female RA Schools student from the 1880s, were displayed in the Julia and Hans Rausing Hall, before a display of copy-print photographs of the RA Schools in the 1950s was installed. John Flaxman RA's illustrations to Homer's Iliad and Odyssey were displayed in the RA Collection Gallery in October 2019, followed by a display of Grayson Perry RA's Diploma work, *Map of Days*. Phyllida Barlow RA's Diploma work *untitled: female*; 2018 was installed in the Ronald and Rita McAulay Gallery at the beginning of August 2020. Key acquisitions to the RA Collection in 2019/20 included Diploma works by John Akomfrah RA, Tony Cragg RA and Gillian Wearing RA.

The RA's Library and Archive continued to provide internal and external access to the RA's historic files while the Academy remained open. In addition, it oversaw a cataloguing of key works from the Library's substantial Illustrated Book Collection. In 2019/20, a total of 374 books dating from the mid-19th-century to the present were catalogued

and published online. Other highlights saw the RA Archivist deliver a paper to the conference Art for the Nation: John Ruskin, Art Education and Social Change, the focus of which were the *Academy Notes (1855-1859)*. The Archivist also oversaw the completion of phase one of a project to index the RA Schools' registers. The RA's Picture Library saw steady requests for images by researchers, publishers and other arts organisations, and offered many of its services for free throughout an exceptional period. The Library catalogue migrated to the new JISC online Library Hub, raising international awareness of its richness and depth.

Families, Access and Schools programming continued to evolve and engage diverse audiences in 2019/20. Highlights included the popular *attRAct* programme, the RA's free programme for 16-18-year olds studying art and design. Students engaged in weekly workshops and challenges devised by the Learning team and RA Schools students, with student work going on to be shortlisted for a national award, selected from over 400 entries. The second year of the *Young Artists' Summer Show*, made possible by Robin Hambro, saw a considerable rise in submissions from 6,300 in 2019 to 17,700 in 2020. 350 artworks were chosen for online display, with 209 also featuring in a postponed physical exhibition in the Clore Learning Centre in November 2020.

Following the successful installation of family-orientated interpretation in the RA's Collection displays in 2019, family labels were included in two main exhibitions in 2019/20: *Eco-Visionaries: confronting a planet in a state of emergency* and *Picasso and Paper*. The interpretation was very well received by both visitors and the wider sector. During the Coronavirus lockdown, the RA expanded its digital classroom resources with a dedicated webpage and continued to produce its *"Family How-To"* guides for online audiences. The scheduled Teachers and SEND conferences were unfortunately cancelled but are due to resume in 2021/22. Prior to this, the Head of Families, Access and Schools was the keynote speaker at a global SEND conference in Taiwan.

The RA's public programme of lectures and events was severely impacted by the Coronavirus pandemic, before which it was on track for a very successful year. Prior to March 2020, programming for *Antony Gormley, Lucian Freud: The Self-Portraits* and *Picasso and Paper* sold out regularly, with highlights including Antony Gormley RA in conversation with Iwona Blazwick, a panel discussion on the future of self-portraiture, and a series of talks entitled *"Picasso's Turning Points"*, each offering a different perspective on the exhibition. For the first time, the RA's *Festival of Ideas* was brought in-house and was due to feature a range of exciting speakers including artist Rachel Whiteread, theatre director Sir Nicholas Hytner, and children's illustrator Axel Scheffler. Unfortunately, the Festival was cancelled due to the pandemic.

RA Lates were brilliantly creative and experimental, achieving sponsorship for the first time in 2019/20. Prior to March 2020, these ranged from *"Deep Earth",* which featured earthly interventions, performances and soundscapes, to a *"Barcelona Modernisme"* night of cabaret and circus acts. In December 2019, *Time Out Magazine* named the RA Lates as the "event of the decade": "It is impossible to choose 'the best' but I'll never forget seeing the Royal Academy transform into a big pagan playground for the 'Electric Forest' in 2017." The RA's programme of Courses and Classes also progressed successfully in the first part of 2019/20 with a varied programme linked to the RA's Collection and exhibitions. During the Coronavirus lockdown, the RA was able to deliver smaller online classes for corporate clients, which had great success and strong attendance.

The first cohort of students on the RA's Executive Master's in Cultural Leadership completed the taught element of their programme, including a highly successful trip to Venice and Turin, a visit to Cambridge for the "Technology and Innovation" module, and a trip to Brussels for the "Art and Law" module in January 2020. Two students in the founding cohort have since progressed to leadership roles in the artworld, while several are converting their qualification to an MBA. The second cohort of 14 students joined the programme in February 2020 and were able to complete their first two modules in person. From March 2020, some seminars, tutorials and classes were successfully delivered online, while the Course Lead and Director of Collections and Learning engaged in a wide range of online public talks, teaching and panel discussions.

RA Schools

It was an extraordinary academic year for the RA Schools, which celebrated its milestone 250th anniversary in 2019. The Schools' anniversary was acknowledged with a special edition of the RA Magazine focused on art education, exhibitions both on and offsite and the publication of a digital print portfolio sponsored by Epson in November 2019. In October 2019, a new cohort was welcomed into Year 1. This included the intake of fifteen artists relocated from Liverpool, Birmingham, Scotland, Switzerland, Slovenia and Australia. In December 2019, the process for electing a new Keeper commenced following Rebecca Salter RA's election as President on 10 December 2019. Professor Cathie Pilkington RA, the former Professor of Sculpture, was elected Keeper in May 2020, which was formally approved at General Assembly in July 2020. At the time, Pilkington spoke of the "transformative effect that studying at the Royal Academy has on a student's life and work" and her commitment to promoting and protecting it for future generations of practising artists.

In the intervening months, the Coronavirus pandemic brought with it the closure of the RA Schools, which were forced to vacate from 19 March 2020 – 4 September 2020. This had several consequences, including the deferral of eleven

students who had accepted the offer of a place for the 2020/21 Academic year to October 2021. It also necessitated the difficult decision to postpone the *RA Schools Show* 2020 to June 2021 and offer a "catch-up" year for all students. This decision was made with the safety and wellbeing of staff and students in mind, together with a commitment to a physical show for all graduating students.

Prior to the Schools' closure in March 2020, lectures were delivered by Rebecca Heald and Mara Polgovsky, Professor of Anatomy Roger Kneebone, and the writer Julia Armfield, among others. Visiting tutors included Mali Morris RA (Professor of Painting), Evan Ifekoya, Vanessa Jackson RA, Alison Wilding RA (Eranda Professor of Drawing), Ali Aisa and Shan Saeed. Artists talks included Antony Gormley RA, who gave a special tour of his exhibition in September 2019, Merlin James and Appau Boakye-Yiadom. The annual study visit took students to the Venice Biennale in November 2019, where they were grateful to stay at the Cini Foundation once more. The closure of the RA Schools meant that students no longer had access to their work in progress, their studios, or the workshops, and its summer term was reinvented to accommodate online tutorials, writing workshops, lectures and talks. The transition to remote learning provided students with the opportunity to hear from a wider range of contributors from overseas, including Claire Bishop (USA), Marie de Brugerolle (France) and Basim Magdy (Egypt) as well as Gary Hume RA, who hosted an online studio visit.

The annual *Premiums* exhibition, which showcases the work of second year students, took place in the Weston Studio from 13 February 2020 – 11 March 2020. Other exhibitions included *FOSSIL* (September –November 2019), a 16mm film installation by Graham Ellard and Stephen Johnstone and *RA Schools 250 – Digital Print Portfolio* (November 2019), an exhibition of the thirty limited edition digital prints by artists commissioned by the RA Schools to mark its 250th anniversary. The exhibition *Move Away from the Aubergine* (December 2019 – February 2020) was an installation by Esmerelda Valencia Lindström. The piece considered "place as a series of routes" and reflected on subjective, human and nonhuman experiences of architecture. *Red Mansion Anniversary Exhibition* (March 2020) was installed the day before the Royal Academy's closure. It hung unseen until September 2020 when it was deinstalled and replaced by an extended version of the show online.

The RA Schools continued to work with external partners on exciting collaborations and residencies in 2019/20. Highlights included the *Big Draw Festival*, in which RA Schools tutor Mark Hampson led a series of iPad-based drawing classes in partnership with Apple, and a partnership with K11 Art Foundation, which saw Chinese artist Jian-Jun Zhang take up residence in the RA Schools and RA Schools graduate Martin Gross travel to China. Curator and Director of the RA Schools Eliza Bonham Carter also spent three weeks in China on a residency in Lijiang, Yunnan Province, funded by the Red Mansion Foundation. The Richard Ford Award, which enables a British figurative painter to visit Spain for the purpose of studying paintings, was awarded to RA Schools student Emmanuel Awuni.

The RA Schools Annual Dinner and Auction took place on 4 March 2020 and generated a net contribution £0.1m. Auction proceeds are usually contributed to the Royal Academy Trust endowment, but this year were reallocated to the RA Student Hardship Fund, which was introduced to support students during the pandemic. The auction centred around the sale of a print by Rose Wylie RA, alongside works from 2019 RA Schools graduates and contributions from Royal Academicians. Wylie's edition generated £34k, the second highest income from a single sale of an artist's work in the auction's history.

There were several staff changes for the RA Schools in 2019/20. In December 2019, Chantal Joffe RA completed her term as Professor of Painting and was succeeded by Mali Morris RA. In addition, Mike Nelson RA was ratified as the new Professor of Sculpture following Professor Cathie Pilkington RA's election as Keeper. Madalaina Zaharia replaced Hen Coleman as Digital Print Tutor and James Irwin replaced Yasu Ichige as Digital Media Tutor. Macon Reed joined the RA Schools as Starr Fellow, a year-long fellowship for an artist from the USA made possible by the Starr Foundation.

The RA Schools is grateful to the following supporters for their generosity in 2019/20: The Dunard Fund, for a £5m capital gift pledge to name the historic Life Drawing Room and a £625k endowment gift to fund a scholarship to the RA Schools in perpetuity, Ronald and Rita McAulay, for their generous gift to the RA endowment, which will support two student places in perpetuity, Batia and Idan Ofer Family Foundation and Tileyard London, who each confirmed sponsorship of the RA Schools per year for the next three years, and Stewarts Law Firm, who are providing sponsorship of £165k over the next three years, providing vital support to the RA Schools Show, as well as a £25k scholarship.

The RA Schools are currently assessing the cost and time commitment necessary to apply for Approved Status with the Office for Students, a route for student visas, in preparation for Brexit.

Development

The year started strongly with BNP Paribas celebrating their 19th year of supporting the RA with their sponsorship of *Antony Gormley* in 2019. Alongside this, they launched their *"AccessArt25"* programme which saw over 3,000 young people attend the exhibition and other learning activities over three specially curated evenings.

During *Antony Gormley*, RA Patrons enjoyed over thirty different events including an experimental Keeper's Dinner in support of the RA Schools and the popular *"Young Patrons After-Party"* which led to the sign-up of four new Young Patrons. In addition to growing the Young Patrons scheme to sixty members during the autumn, the RA recruited over thirty Patrons – eight of whom were at either Gold, Platinum or International level. Patrons had a busy spring programme, highlights of which included a Studio Visit with Frank Bowling and a visit to the collection at Windsor Castle for an event named *"Charles I revisited".*

The Coronavirus pandemic put strain on the RA's ability to programme events for Patrons and donors over the summer months; however, it continued to engage through an extensive series of virtual events. The RA was one of the first institutions to release a virtual alternative to its summer Patrons programme which included a live painting performance by RA Schools Alumni Thomas Langley; a behind the scenes tour of the RA's Main Galleries with curator, Ann Dumas; a performance by RA Schools student Agnieszka Szczotka; a studio visit with Eileen Cooper RA; and our first virtual RA Patrons family morning led by second year student, James Lomax. Key events before the Coronavirus pandemic were supported by some of the RA's most generous supporters. In November 2019, the RA's Benjamin West Lecture Theatre played host to the second *Rothschild Foundation Lecture* which was delivered by Marina Abramović Hon RA.

Following the RA's closure, it swiftly launched a Coronavirus Emergency Support Fund to help mitigate financial loses. An extraordinary £4.2m was secured towards the Fund as of the end of August 2020, with £1.9m received in the period. The first gift was received from Dunard Fund in March 2020 and following this the RA received generous contributions and pledges from Simon and Virginia Robertson; Aryeh and Elana Bourkoff, LionTree; Jake and Hélène Marie Shafran; The Batia and Idan Ofer Family Foundation; and The Mead Family Foundation, amongst others.

During this challenging period, the RA has benefitted enormously from the foresight of generous supporters who have left legacy gifts. Almost half of the funds which make up the Coronavirus Emergency Support Fund have been from those who have left gifts in their wills. Several donors also agreed for their gifts to be re-allocated to the Fund from the cancelled *Angelica Kauffman* exhibition. The RA heard in July 2020 that its application to the National Lottery Heritage Fund's Heritage Emergency Fund had received the maximum grant of £250k.

In August 2020, the RA launched an emergency fundraising appeal to *"keep art alive"* led by Grayson Perry RA with generous support from the Dorfman Foundation. The target is to raise £500k, with the first 500 donations of £1k towards the appeal acknowledged through a plate designed by Grayson Perry RA. The appeal had a fantastic response and by the end of August 2020 raised nearly £200k. This appeal formed the backbone of wider fundraising efforts for the Coronavirus Emergency Support Fund and all donors to this are acknowledged on a Supporters Wall in the Wohl Entrance Hall in Burlington Gardens. In a further project, almost 100 Royal Academicians contributed works to *"Varnishing Day: A Moment in Time",* a portfolio of prints marking Varnishing Day and available to Friends to purchase in thanks for their continued support.

The RA has committed to completing the long overdue refurbishment of the RA Schools, with thanks to the support of generous donors. A total of approaching £17m has now been raised towards the RA Schools Restoration and Renewal project and work is due to start on site in July 2022. Alongside this capital campaign, there has been a focus on raising funds for the RA's future sustainability and a total of over £6m has now been raised by the Royal Academy and Royal Academy Trust towards the wider endowment over the past two years.

In 2019/20, the RA welcomed the following new exhibition sponsors to the RA: the Steel Charitable Trust, Offer Waterman, Octopus Energy, Viking, the Tavolozza Foundation, the City of Malaga, La Fundación Bancaria Unicaja, Unicaja Banco, Diputación de Málaga Costa del Sol, Estrella Damm, and Argile. Despite the Coronavirus pandemic, Insight Investment continued to support the *Summer Exhibition* 2020. Robin Hambro continued to make the *Young Artists' Summer Show* possible in its second year with her generous support, and all other Learning funders generously continued their funding of their programmes. New Corporate Members in 2019/20 were Bridgepoint, Convex UK Services, Freshfields Bruckhaus Deringer LLP and Ocean Outdoor.

Corporate Services

The Corporate Services pillar combines the management of Estates, IT, HR, Legal and Governance.

The RA saw several leadership and staff changes over the reporting year. On 10 December 2019, Rebecca Salter RA was elected the 27th President of the Royal Academy. She succeeded Christopher Le Brun PPRA who stepped down in December 2019 after serving eight years in the role. Salter, the first female President in the RA's history, said she was "honoured" to have been elected to represent "a unique place shaped by artists and architects". She also spoke of her ambition to help the RA evolve while keeping art, architecture and debate at the heart of what it does.

December 2019 also marked the departure of the RA's Artistic Director, Tim Marlow, who left the RA to take up the post of Director and Chief Executive of the Design Museum. Shortly after in January 2020, Chief Operating Officer,

Tzo Zen Ang, departed to assume the position of Managing Director at the Courtauld Institute of Art. The summer of 2020 also marked the departures of Chief Marketing Officer, Will Hattam, and Nick Sharp, Director of Digital, Data and Insight, who relocated to the USA to take up the post of Chief Digital Officer at the National Gallery of Art in Washington DC.

Changes to the Membership of Royal Academicians in 2019/20 included the election of painter Rana Begum in December 2019. In addition, Professor Sir Timothy Berners-Lee OM, Issey Miyake and Zadie Smith were elected Honorary Fellows. Scott Mead was appointed as a Corresponding Member and Professor Adrian Forty was appointed as Honorary Curator of Architecture. The RA was saddened to learn of the deaths over the past year of four Royal Academicians, the architects Edward Cullinan and Paul Koralek, the painter Jeffrey Camp and the sculptor John Wragg.

The onset of the Coronavirus pandemic and subsequent closure of the RA in March 2020 had a significant impact on its staff. In order to mitigate the financial impact of the forced closure, the RA placed more than 60% of its employees on furlough using the government's Coronavirus Job Retention Scheme. Furthermore, employees also accepted a 20% reduction in working time and salary for three months from 1 June 2020 – 31 August 2020. Since March 2020, the RA has followed government guidance in asking staff to work from home where roles allow. When the RA was able to reopen its doors to the public in July 2020, a thorough risk assessment was completed to ensure operations were Coronavirus secure and compliant. All onsite staff were required to complete reinduction training and were supplied with the necessary Personal Protective Equipment to perform their duties. The safety of staff and visitors was the priority during the RA's reopening and staff were invited to feedback promptly on any risks they identified.

A study of the Gender Pay Gap at the RA reported as at 5 April 2019 that, excluding casual workers, 61% of the RA's workforce were female, and 65% of its senior managers were women. The RA was pleased to report a drop in its mean hourly pay gap from 10% in 2018 to 5% in 2019, and a median hourly pay gap that remained the same at -1% (the median figure demonstrating a pay gap in favour of women). The RA believes that its mean average hourly pay gap is decreasing year on year as a result of its commitment to offer family-friendly working practices and policies; these include a supportive culture for new parents returning to the workplace; options for flexible and agile working, and a generous family leave package.

Currently, females make up 29% of the Membership of Royal Academicians. However, in the last ten years 47% of Royal Academicians elected were female. Council is responsible for the direction and management of every major aspect of the Royal Academy and is made up of Royal Academicians, Officers of the RA and external members. It is currently 31% female.

Since gaining accreditation from the Living Wage Foundation in 2019, the RA has been recognised officially as a Living Wage Employer. The RA is committed to implementing the annual London Living Wage increase for eligible staff and to ensuring that all third-party organisations operating on the RA campus pay their staff working on site the London Living Wage as a minimum.

In August 2019, a new Volunteering Advisor joined the RA's HR team, replacing two volunteer management roles previously supported by the Heritage Lottery Fund. The role was created in order to oversee the RA's 200-strong volunteer population, as well as all apprenticeships, work experience placements and traineeships. RA volunteers have continued their outstanding contribution to the activities of the RA although, as of March 2020, their presence on site at the RA inevitably diminished while the organisation followed Health and Safety best practice and observed social distancing guidelines.

Beyond the RA's boundary-line, a long-standing project to improve the East Mayfair area commenced. The works, led by Westminster City Council and several partners, will increase accessibility to the 6 Burlington Gardens entrance and relocate existing parking.

Following a review of the RA's impact upon the environment in the previous financial year, the RA has taken several steps to minimise energy consumption and carbon emissions. Most notably the organisation is now powered by 100% renewable energy sources. In addition, the RA has also sought to reduce the use of single-use plastic, for example by introducing compostable take-away cups and cutlery in its cafés and restaurants and reviewing its use throughout the organisation. During the year, the RA also introduced a discount on hot drinks to visitors who bring their own reusable cups. A Sustainability Working Group was put in place in 2019 to identify and deliver improvements across the campus and RA operations more broadly; however, the progress of this group has been impacted by the pandemic and subsequent closure of the RA. The RA is committed to reducing the environmental impact of its activities and the organisation intends to renew its efforts in this area in 2021. In line with Streamlined Energy and Carbon Reporting (SECR) requirements, the RA reported its total emissions for the year as 8,254.87 tCO2e, with an intensity ratio of 0.03 tCO2e /sq. foot. The largest proportion of the RA's GHG emissions was accounted for by the electricity consumed in internal areas within its commercial and academic buildings, which represents 91.9% of total emissions, equating to 7,586.20 tCO2e.

In order to mitigate the impact of closure due to the Covid-19 and the associated cashflow pressures, an exercise was undertaken in April 2020 to proactively reduce capital expenditure. To this end, the capital expenditure programme was reprofiled, allowing a reduction in spend of approximately £1m across the next two financial years.

Finance
As reported last year, the expansion of the RA's campus which was completed in 2018 brought with it both opportunities and challenges from a financial perspective. There were opportunities to grow the already impressive financial support from fundraising initiatives, commercial income and the RA's loyal Friends, Patrons and corporate supporters, as well as to increase income from an extended exhibition, events and learning programme. There were also challenges, from the increased costs of operating a larger site with much added public space and offering an enhanced programme, including a far greater free public offer than ever before.

In parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. This review highlighted that significant changes to the organisation were needed, including the delivery of year on year cost savings, in order to ensure a robust and financially sustainable operating model. Owing to the Covid-19 lockdown and subsequent closure of the RA, the financial situation of the RA deteriorated and is forecast to deteriorate even further due to significant restrictions on attendance in the short to medium term. Based on financial forecasts, the RA is faced with a significant reduction in income from exhibition admission and other onsite sources of income – in addition to a much reduced annual donation from the Friends of the Royal Academy – for at least the next two to three years, with an expectation that it may take even longer to return to pre-Covid-19 levels of income from the RA's ongoing activities.

As explained in more detail in the Financial Review section below, the short term impact of Covid-19 on the RA's 2019/20 results has been successfully mitigated through emergency fundraising, fully utilising government initiatives, including the Coronavirus Job Retention Scheme and rates relief, and undertaking stringent cost cutting measures, including a 20% pay cut for all staff from June 2020 to August 2020 and deferring all non-critical capital expenditure projects.

However, in order to mitigate the future impact and to ensure the long-term financial sustainability of the RA, it has embarked on a significant restructuring programme to establish a "core RA" organisational structure and to deliver £8m annual cost savings, representing approximately 30% of the addressable cost base. The Royal Academy is currently in a Collective Consultation process in respect of a substantial redundancy programme, which is planned to be completed later in 2020.

IMPACT AND PUBLIC BENEFIT

As a "Home for art, artists and architects" the Royal Academy has as its founding mission to "work together to promote the arts of design; and, educate the public in creation, enjoyment and understanding of the arts through exhibition, education and debate." This mission holds true until today and going forward the RA is committed to continuing to deliver on this mission.

As an independent institution, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing the financial sustainability required to ensure its future. In 2020, the RA faced unprecedented challenges in terms of the operational and financial impact of the Covid-19 pandemic and the organisation was forced to reassess its priorities and reinforce its focus on the core principles and activities which have guided the RA since its inception.

The Core RA
The core constituent parts of the RA are the Membership of the Royal Academicians, the Schools, the exhibitions programme (including the *Summer Exhibition*), the Collection and learning. The respective strength and unique quality of each of these aspects, and their combination under one roof give the RA a unique character that is not shared by any other institution in the world.

The Membership
The RA was founded by a group of well-known artists. To this day the Academy is led by its Membership, a group of nationally and internationally renowned artists and architects, elected by their peers and appointed for life. They are involved in leading the RA through its topmost governing body, the Council, as well as the General Assembly and numerous committees. They are the lifeblood of the Academy.

The Schools
The original impetus for setting up the Royal Academy of Arts was to professionalise the training of young artists in an art school much like had been happening elsewhere in Europe. Today it is a three-year post-graduate programme

for 15 students per year. The RA Schools, led by the Keeper and the Curator and Director of the Schools, is considered as one of the best among the leading art schools in the UK and attract a wide range of European students.

One area of particular interest is the future collaboration between the Schools and the wider RA. Until recently the Schools led a somewhat separate existence with relatively little contact or collaboration with other RA departments. This was partly due to the previously remote location of the Schools in the back of the building. With the recent Masterplan project and the connection between Burlington House and 6 Burlington Gardens, the Schools have been relocated to the centre of the building and now share space with the public. It is desirable and timely to think about a greater integration of the Schools within the RA.

By the summer of 2022, the Schools also expect to embark on their capital redevelopment. As a consequence of the pandemic and reduced levels of development income, the cost of the project has been capped at £17m, which is almost the amount that has been raised to date.

The exhibitions programme
When the RA was founded its members established annual exhibitions with a two-fold aim: for the Royal Academicians to display and sell their works and to generate income to finance the Schools. This tradition continues with the annual *Summer Exhibition* that has been held without interruption since the RA's inception.

Besides the annual *Summer Exhibition*, the RA now runs a wide-ranging, ambitious, and much respected programme of international loan exhibitions on art and architecture. Of these, three are held in the Main Galleries, one of the grandest temporary exhibition spaces in the UK, if not in the world. The other gallery spaces are the Jillian and Arthur M. Sackler Wing of Galleries and the Gabrielle Jungels-Winkler Galleries.

The exhibitions programme is the RA's lifeline. As a result of the Covid-19 pandemic and need for budget savings most museums worldwide are reducing their exhibition programmes for the coming years. Given that the RA relies heavily on its exhibitions programme to drive its income streams, it will continue to invest in an ambitious, diverse, interesting, popular and, at times, challenging exhibitions programme that will appeal to its Friends, as well as its loyal public audiences and over time build new audiences. Some efficiencies may possibly be found in drawing from the RA Collection but on the whole, exhibitions will require continued commitment and investment.

In relation to the RA Schools, the combination of a high-quality art school and an internationally renowned exhibition-organising arts institution under one roof is unique in the world. It is critical to develop understanding of what makes the training of young artists in a prominent arts institution different and special (in contrast to the other art schools in London and in the country) and, conversely, how the RA might benefit as an exhibition-organising institution from having practising artists in its building.

The Collection
The RA's relatively little-known Collection was started as a teaching collection for the Schools. From the beginning the Academy also required every Academician to donate a so-called "diploma work" to the Collection. Over time the Collection has grown into a visual record of the RA's membership and history. Valuable works in the Collection range from Michelangelo's *Taddei Tondo*, John Constable's *Leaping Horse* and George Stubbs's anatomical drawings and studies of the horse, to diploma works by living artists such as David Hockney and Tracey Emin. The Collection also contains copies after Leonardo's *Last Supper* and Raphael's cartoons for the Sistine Chapel; there is a considerable collection of plaster casts after famous works of art and a sizeable collection of works on paper. Our Collection also includes a historic Archive of artists' papers and other important records, and a Library collection of rare books. The Collection has been awarded "Designated Collection" status by Arts Council England as a "pre-eminent collection of national or international importance" held by a non-national institution.

Learning
In the Academy's founding mission, the Royal Academicians stated that the RA was to "educate the public in creation, enjoyment and understanding of the arts" and learning, by definition, is at the core of any academy. In the present-day learning and education are part of the core mission of every arts organisation and the RA takes this task very seriously. With the recent expansion of the facilities, especially the addition of the Clore Learning Centre and the Benjamin West Lecture Theatre, the RA has considerably increased its activities in this area.

Impact measures
Like many charities, the RA has a two-pronged goal: to deliver on its mission, whilst at the same time securing financial sustainability to ensure its continued relevance. The RA's Medium Term Plan explicitly articulates the goal to achieve an average net income of at least £5.0m p.a. from ongoing activities (before interest, depreciation and amortisation) to fund the ongoing maintenance of our 2.5 acre campus and the required investment in technology; periodic plant upgrades and gallery refurbishment programmes; to repay its borrowings and to service its financing costs; and to fund contributions towards its financial obligations in respect of our legacy defined benefit pension scheme, albeit the scheme is now in surplus as at the last triennial actuarial valuation as at 31 August 2019 and the

annual funding update as at 31 August 2020. This financial sustainability target has been severely challenged by the impact of Covid-19, which is considered further in the Strategic Report below.

Alongside the financial goal to achieve sustainability the RA has identified a set of mission related goals.

The RA tracks and monitors a variety of impact measures (as distinguished from Key Performance Indicators, which are considered separately in the Strategic Report below). These measures include those pertaining to the RA's activities across exhibitions, RA Schools, Library and Collections, and education; where possible, we aim to measure the delivery of our mission and impact goals numerically, as well as qualitatively and anecdotally.

The current measures will evolve as the organisation better understands which measures are most reliable and informative, and as it introduces new means of tracking and assessing the impact it has, but will now also have to be further considered in light of what is possible for the organisation given the financial constraints due to the effect of Covid-19.

The exhibition programme provides a mix of subject matter and content for a range of public tastes and is complemented by a programme of activities such as lectures and workshops aimed at providing opportunities for the public to engage with the subject matter and the institution. The RA's exhibition and public programme continue to measure success and impact both in terms of the overall attendance or reach activities achieve as well as the degree to which the RA is able to welcome new audiences who might otherwise face barriers to attending. The Royal Academy's pricing policy includes opportunities for those on lower incomes to visit the Royal Academy and participate in its programmes by taking advantage of reduced ticket prices and free activities.

The closure period from March 2020 through to July 2020 presented a significant challenge to the RA in delivering its public benefit. However, through this period the RA increased its focus on digital programming to keep audiences engaged and support its mission despite closure. The RA was then among the first London institutions to re-open its doors to the public in early July 2020 and saw it as a core responsibility of its role as a public institution to rebuild confidence in public life once again.

In implementing the stated objectives through the strategies described, the trustees confirm that they comply with their duty to have regard to the Charity Commission guidance on public benefit.

STRATEGIC REPORT

Business review
The "Current year objectives" section above sets the RA's objectives for the current year, but also its vision for 2021-25. A review of the Royal Academy's activities, achievements and impact has been included in the "Activities, achievements and impact" section, also above. The "Future plans" section of this report, which follows, sets out in further detail our strategy for the next five years.

Sustainability review
As noted in the review of activities above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. This review highlighted that significant changes to the organisation were needed, including the delivery of year on year cost savings, in order to ensure a robust and financially sustainable operating model. This review also identified a series of key financial metrics providing a benchmark towards achieving financial sustainability. With the outbreak of the Covid-19 global pandemic, these metrics cannot reasonably be measured or delivered against in the short term but will provide a useful framework as the RA establishes its post Covid-19 "new normal". These metrics were however used as the basis to determine the level of savings required to address the financial impact of Covid-19 over both the short and medium term and helped inform the decision to target annual cost savings of £8.0m for the restructuring programme being delivered in the fourth quarter of 2020. Several of these key financial metrics are included in the Key Performance Indicators below.

Key performance indicators
The following key performance indicators ("KPIs") have been identified as key measures of our progress against our strategic objectives. Targets for overall audience figures and KPIs with direct financial impact (e.g., Friends membership numbers) are embedded into our Medium Term Plan, which is updated annually and reflect the financial sustainability metrics referenced above and in 6. "Finances / sustainability" below. Targets for more qualitative measures (e.g., visitor experience, audience diversity) continue to be refined on an ongoing basis.

1. **Exhibitions**
   - Exhibition and campus visitors; pre-Covid-19 target of c.1.0m visitors to the paid exhibition programme
   - Critical reception of exhibitions

2. **Education, Learning and Collections**
   - Impact and reach of access and learning programme (online and onsite)
   - Audience for Collections (physical displays, website visits, appointments)
   - RA Schools applications (per place and from outside London/UK/Europe)

3. **Audiences & Experience**
   - Secondary spend per visitor (retail and catering spend)
   - Visitor experience (rating of exhibition and of overall visit)
   - Digital visitors (website sessions, Facebook friends, Twitter followers)

4. **People**
   - Academician engagement
   - Staff engagement (engagement survey, appraisal completion, turnover)

5. **Estates**
   - Completion of Burlington Project fundraising (for each phase)
   - Completion of Burlington Project building works (on budget to schedule; for each phase)

6. **Finances / sustainability**
   - Target to achieve sustainable net income from ongoing activities (before interest, depreciation and amortisation) of at least £5.0m per annum
   - In supporting this £5.0m target, overall net contribution metrics for exhibitions (including sponsorship); membership schemes (Patrons, corporate, Academicians' Room) (including lets and events); annual donation from the Friends of the Royal Academy; and the net contribution from retail and publishing.
   - Staff costs as a percentage of income and as percentage of total staff and operating costs.

FINANCIAL REVIEW

Financial result for the year

The results for the current year show net income of £2,014,922 (2019: net expenditure £2,083,836) for core activities, being those ongoing activities directly associated with delivering the charitable objectives, and net income of £5,556,818 (2019: £5,048,551) for the Burlington Project, being the refurbishment and redevelopment of the Royal Academy's buildings and estate. Net income of £2,014,922 (2019: net expenditure £2,083,836) for core activities includes £nil (2019: £3,814) of expenditure on temporary accommodation, with the relocation of staff during construction works for the Burlington Project; £500,734 (2019: £618,889) of interest payable; £10,783 (2019: £20,627) of interest receivable; and £31,305 (2019: £nil) of investment gains. Excluding these temporary costs, core activities generated net income of £2,014,922 (2019: net expenditure £2,080,022); and excluding net interest payable and investment gains, net income of £2,473,568 (2019: net expenditure £1,481,760).

Total net movement in funds, includes the recognition of the actuarial gain on the pension scheme totalling £631,000 (2019: loss of £843,000), and a tax credit of £363,493 (2019: £434,551) in respect of Museum and Galleries Tax Relief, resulting in a surplus of £8,566,233 (2019: £2,556,266).

The ongoing activities surplus, excluding temporary accommodation costs, net interest payable and investment gains was £2,473,568 (2019: shortfall £1,481,760). These results are significantly up on those of the previous year, with an increased surplus of £4.0m. However, excluding income from donations to the Coronavirus Emergency Support Fund of £1,533,708, grant income of £2,300,268 from the Government's Coronavirus Job Retention Scheme, and a donation of £2,159,884 for the purchase of a property, the surplus of £2,473,568 would have been a shortfall of £3,520,292.

During the first six months of the year, prior to closing to the public in March 2020, the Royal Academy enjoyed a period of considerable commercial success with the *Antony Gormley*; *Lucian Freud: The Self-portraits*; and *Picasso and Paper* exhibitions. The Royal Academy reopened to the public in July 2020 with the continuation of the *Picasso and Paper* exhibition but to a much reduced audience, with around 25% capacity of "normal attendance" due to the social distancing safety measures required to be in place due to Covid-19. The Royal Academy's Summer Exhibition, which makes a significant contribution to the Royal Academy finances each year, had to be postponed until October 2020. In March 2020, to mitigate the impact of Covid-19, the Royal Academy launched its Coronavirus Emergency Support Fund, receiving £1.9m in the year. The Royal Academy also undertook stringent cost cutting measures, including a 20% pay cut for all staff from June 2020 to August 2020; and fully utilised government initiatives, including the Coronavirus Job Retention Scheme ("CJRS") for which grant income of £2.3m was recognised in the period; the Scheme being used as intended to retain staff during this period.

Total income from ongoing activities remained in line with the previous year at £39.8m (2019: £39.8m), however costs decreased by 10.8% over the same period to £37.3m (2019: £41.3m) resulting in the £4.0m net increase.

The Friends of the Royal Academy, a separate registered charity, donated £11.5m (2019: £11.6m) to the Royal Academy, only marginally lower than the previous year, which represented 29% (2019:29%) of the Royal Academy's total income from ongoing activities. Exhibitions income decreased by 28.9% to £4.5m (2019: £6.4m), with the success of the programme in the first half of the year cushioning the impact of the losing most of the programme in the second half of the year. There was a 13.7% decrease in income from our trading subsidiaries to £9.3m (2019: £10.8m). Income from commercial activities of £7.0m was only 2.6% down (2019: £7.2m), but income from entertaining services to the corporate sector at £2.1m was 22.7% down (2019: £2.7m) and income from ticketed fundraising events at £0.2m were over 76% down (2019: £0.9m). Other income including sponsorship at £3.0m was 3.5% up (2019: £2.9m); but other donations at £7.5m were 34.7% up (2019: £5.8m), principally due to £1.9m emergency fundraising and £2.2m received for the purchase of a property. Grant income at £2.4m was 141.5% up (2019: £1.0m), with £2.3m from the CJRS.

The decrease in expenditure included a 0.4% increase in staff costs to £16.1m (2019: £16.0m), with average full-time equivalent permanent employees increasing marginally to 345 (2019: 344), with the impact of the annual pay increase offset by the savings from the 20% pay cut for all staff from June 2020 to August 2020; other expenditure (excluding depreciation and amortisation) has decreased by 24.4% to £17.1m (2019: £21.2m), reflecting cost saving measures in the second half of the year; with depreciation and amortisation charges up 2.9% at £4.1m (2019: £4.0m) – the comparatively high charge reflecting the Academy's recent investment in both the plant upgrade and gallery refurbishment programme and systems technology, as well as the assets brought into service primarily in 2018 with completion of Phase I of the Burlington Project.

We continued to invest in digital strategy, including systems technology, during the year with investment in substantially completing the implementation of new systems for selling and servicing tickets, memberships and donations, as well as an upgrade to our e-commerce system.

The Royal Academy put in place a £5.0m committed Masterplan Revolving Credit Facility ("Masterplan RCF") in May 2017 to provide the required working capital for the completion of the Burlington Project, as redevelopment costs were incurred in advance of the receipt of pledged donations and to fund the final cost overruns on the project. The facility, which is available for a period of five years and which has since been extended to June 2023, can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after three months; at the end of the three-month period the advance can either be rolled over for another three month period or repaid, with the amount then being available again for draw down. £3.7m of this £5.0m facility was drawn down at the year end. An extension of £3.5m of this £5.0m facility from June 2023 to August 2024 has been approved, with the facility agreement due to be signed later in 2020.

The Royal Academy put in place a £2.5m committed Operating Revolving Credit Facility ("Operating RCF") in March 2018 to manage operating working capital requirements. The facility, which is also available for a period of five years, can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after three months; at the end of the three month period the advance can either be rolled over for another three month period or repaid, with the amount then being available again for draw down. This facility was not drawn down at the year end. An extension of £1.5m of this £2.5m facility from March 2023 to August 2024 has been approved, with the facility agreement due to be signed later in 2020.

The Royal Academy has benefited significantly from the introduction of the Museums and Galleries Tax relief from 1 April 2017, providing much needed financial support to the exhibitions and free display programme amounting to about £0.4m each year to date.

Reserves
The policy of the Royal Academy is to maintain a sufficient level of free reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. A formal policy on reserves was originally agreed at the meeting of Council on 4 October 2011 and approved annually thereafter which states:

The trustees have set a reserves policy which requires:

- Reserves to be maintained at a level which ensures that the Royal Academy's core activities could continue during a period of unforeseen difficulty and that current and future commitments can be honoured.
- A proportion of reserves to be maintained in a readily realisable form.
- The policy is reviewed annually by Council.

Free reserves comprise that part of the total unrestricted funds that are freely available. Arising from the most recent review, the trustees have adopted a risk-based approach to determine an appropriate level of free reserves. The trustees consider it appropriate to have free reserves sufficient to cover a period of unforeseen difficulties and consider this to be the greater of a period of three months, being the normal duration of a main gallery exhibition,

such that this would allow the Royal Academy to continue running in the circumstances that an exhibition is cancelled without an alternative being viable, and a period of six months, during which the Royal Academy has less than budgeted visitor numbers, due to the impact of external factors, such as the threat of terrorism or a pandemic, reducing the number of visitors to London generally and the RA's campus more specifically.

The trustees have specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2021 and have further considered the medium term cash flow forecasts of the Royal Academy underpinning the Vision 2021-2025 strategy and the long term loan funding in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

Based on this detailed review and analysis, the trustees consider that an appropriate level of free reserves would be in the order of £4.5m to be held by way of operating contingency at all times to enable the Royal Academy to continue operating for a period of three months to cover both a fall in exhibition, trading and voluntary income and fixed operating costs (including salaries) and the prospective financial impact of other uninsured risks or six months, in the event of reduced visitor numbers due to external factors, such as the threat of terrorism or a pandemic.

Actual free reserves as at 31 August 2020
As at 31 August 2020, total unrestricted and non-designated funds stood at £85.2m, including £95.4m of fixed assets. Free reserves, which exclude fixed assets, are therefore in deficit by £10.2m, after taking account of the pension scheme asset of £6.7m and are £14.7m less than the desired level of £4.5m.

The free reserves deficit of £10.2m is represented by net current liabilities of £6.1m plus long term liabilities of £10.8m, of which £10.0m is repayable in ten equal instalments from 2035-2044; and the pension scheme asset of £6.7m.

The net current liabilities of £6.1m as at 31 August 2020 include £3.7m drawn on the £5.0m Masterplan RCF, which can, if required, be rolled forward after each three month interest period to June 2023. Additionally, the Royal Academy has access to a committed £2.5m Operating RCF to March 2023 and a £0.5m overdraft facility, neither of which had been drawn upon at the year end.

In November 2020, the Royal Academy Trust approved a £2.0m donation to the Royal Academy from unrestricted funds towards Burlington Project – Phase I cost overruns, with the donation expected to be received by March 2021 and also pledged a further £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19.

In view of the level of current liquid resources, future pledged donations and the long term loan funding and short term facilities in place, which are all available for operational purposes, the trustees consider that the Royal Academy has both sufficient funding and liquidity for the foreseeable future.

As outlined above, in parallel with the wider strategic review in the period to February 2020, a financial sustainability review was undertaken informed by the actual financial performance in 2018/19, the first full financial year in which the RA operated its expanded campus. Part of the scope of this review was to identify a series of key financial metrics providing a benchmark towards achieving financial sustainability, which included delivering the required level of surplus funds to achieve the target level of free reserves over the long term (being a period of five to seven years). With the outbreak of the Covid-19, these metrics are unlikely to be delivered against for an extended period, and while the net shortfall will be partly mitigated by annual savings from the restructuring programme, the period to achieving the target level of free reserves will inevitably be extended.

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £46.7m at 31 August 2020 in trust for the Royal Academy, of which £16.6m represents unrestricted funds, including £11.3m that is both unrestricted and not designated. A further £19.6m represents permanent endowment funds, which are accounted for on a total return basis (such that both income and capital appreciation may be distributed), with the remaining £10.5m being restricted funds (including £0.9m which may be used for the general purposes of the Royal Academy). These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy. As noted above, in November 2020 the Royal Academy Trust approved a £2.0m donation to the Royal Academy to be paid by March 2021 and made a further pledge of £2.0m.

FUTURE PLANS

Our priorities for the year to come
In the current pandemic and with the resulting impact on the RA's public operations, visibility for a five year strategic plan is limited. As we look ahead the Senior Leadership Team has set a goal to put the RA back on a solid financial

footing by delivering an £8.0m reduction in its cost base across operating and staffing costs. Delivering these savings will require robust cost discipline and a relentless focus on the "core" activities.

The following guiding principles have informed our savings plan and will be applied to our decision-making over the coming years.

1. ***Focus where it counts:*** Given our significantly reduced visitor and income projections, we need to focus on those "core" activities that support the founding principles of the RA – namely, the Membership of Royal Academicians; the Schools; the exhibitions programme; the Collection; and, our learning programme.

2. ***Protect and reinforce:*** We need to focus on an essential programme that brings back and optimally serves our existing audiences. An important pillar of that is an ambitious, international, varied, inspiring and diverse exhibitions programme. We also need to ensure the continued engagement with our audiences on site, online and in print.

3. ***Welcome and serve our audiences:*** The RA is known for its warm and convivial atmosphere and the sense of community it creates. We need to continue providing our characteristic hospitable and safe environment and focus on the RA visitor experience that our audiences have come to expect.

4. ***Prioritise cost-reduction for a five year horizon:*** The recent history of the RA has been defined by growth: the extension of the building; ever growing ambitions and increasing levels of activity; and an expanding staff base. In the next five years, we will need to pull back and focus on the core. In order to achieve the critical budget savings, we need to reverse this trend and reduce the amount of activity considerably. The focus needs to be on activities that directly fulfil our mission, serve our audiences and are affordable. It is about sustainability rather than growth.

We propose a two phase approach:

Phase 1: Circuit breaker
In order to deal with the harsh shortfall in income due to the Covid-19 pandemic, over the next two years we need to reduce our level of activity more significantly. Much of our activity will also be impossible due to Covid-19 induced restrictions. This period needs to act as a "circuit breaker" that will save a significant amount of money and enable us to balance our income and costs and sets us up for the next phase.

During this phase we plan to:
- Reduce public opening hours and days – moving to a six day per week opening (closed on Mondays) with very limited late openings
- Reduce the exhibitions programme from nine to six exhibitions per annum (with the exception of the next financial year to 31 August 2021, in which we have scheduled seven exhibitions)
- Deliver a significantly reduced public programme and as part of this, close the Benjamin West Lecture Theatre until at least the end of 2021
- Suspend the programme of changing free displays and focus more on semi-permanent displays and less on frequent turnarounds in the Tennant Gallery, Fine Rooms, Rausing Hall, McAulay Gallery and Weston Studio
- Stop all catered events – including opening receptions, lenders' dinners and private dining experiences; and to re-consider the Annual Dinner in 2021 and 2022
- Transition to a single sales and marketing team, which allows for a more efficient and strategic way of engaging our audiences.

Phase 2: Disciplined build-back
Following this initial two year period, for the subsequent three years, finances and visitor numbers allowing, we aim to enter a period of recovery in which we can slowly grow activity in a disciplined way to a sustainable level.

Improve the coordination of content generation and distribution: We need to improve the coordination across our programmes and develop a more efficient and scalable use of our content across our different channels and stakeholder groups. To service this, we will be introducing a Content Board with senior representatives from all relevant areas to ensure a focused and joined up approach to content is taken across all channels from exhibitions to collections, from social media to the RA Magazine.

Race and gender equity and inclusion
We pledge to review the impact of the redundancies to ensure there is no disadvantage or prejudice shown to any workers on account of race, age, gender, disability or any other protected characteristics.

We also need to continue our work on inclusion and racial equity across all aspects of the RA and be mindful of the ways that we can rebuild our programmes and our institution with more thought given to an equitable workplace and place of study. Our own work must continue, although we will miss some of the input from those who began this process with us. We will look to agree plans and proposals for the continuation of this work in early 2021 and ensure that we have the right training for all staff in place.

Principal risks and uncertainties and risk management

Council, advised by the SLT and other specialist committees, evaluate and monitor risks and ensure systems and controls are subject to regular review. Where appropriate, mitigating actions and improvements are put in place by the SLT.

All risks identified are recorded in the Risk Register, which is maintained on an ongoing basis and not only includes details of all risks considered but also provides a mechanism for assessing and monitoring those risks, detailing the SLT member responsible and the actions taken to mitigate the risk.

The Risk Register is formulated by the SLT; is reviewed quarterly; and is formally reviewed by the Audit Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the quarterly Audit Committee meetings.

The outbreak of the Covid-19 pandemic and subsequent lockdown and closure of the Royal Academy has had a significant impact on the RA's operations, financial sustainability and the wider risk landscape and this will continue for some time yet. The Royal Academy's financial sustainability, more specifically the risk of not maintaining an adequate level of cash reserves, was already a highly ranked risk and the likelihood of this has been exacerbated by Covid-19. In response to this, we are undertaking a significant restructuring due to be completed later in 2020; the scale of the restructuring also represents a risk, in part miitgated by the process and intensive review undertaken in formulating the basis for this re-organisation.

The other highest scoring risks, several of which will be impacted by Covid-19, include the risk of the possibility of plant failure in the galleries; loss or damage to artworks; reduced visitor numbers to our exhibition programme; a reduction in the Friends' donation to the Royal Academy arising from diminished Friends' membership income; and the threat of a data security breach or cyber-attack. External risks include the impact of "Brexit" across a number of areas, including the impact on our loan exhibition programme, from both a logistics and costs viewpoint; corporate sponsorship and general consumer confidence; staff recruitment and retention; and future intakes of students to the RA Schools; and the impact of the terrorism threat on the number of visitors to the Royal Academy's exhibition programme.

These risks are all subject to immediate management consideration to provide mitigation. Mitigation steps include completion of the plant upgrade programme, together with planned preventative maintenance; continuous review of our exhibitions programme and forward planning for future exhibitions; security and working practices in place, together with disaster recovery and business continuity planning and procedures; continued review and improvement to the Friends visitor experience and periodic Friends membership pricing reviews; continued improvement to data protection policies, procedures and controls, including emergency response planning; and robust financial planning and analysis supporting the medium term cash flow forecasts of the Royal Academy underpinning the Vision 2021-2025 strategy.

FUNDRAISING

The RA's approach to fundraising is largely relationship led, through individual donor giving, memberships of the RA, capital appeals, legacies and corporate sponsorship. The RA does not generally engage with commercial participators and professional fundraisers. The RA does not carry out house-to-house fundraising or street collections.

The RA is registered with the Fundraising Regulator and has submitted its annual complaints return to the Fundraising Regulator. The RA complies with the Charities Act with regard to fundraising and in addition puts the privacy of our supporter data at the heart of everything we do. We manage personal data respectfully and responsibly in accordance with our published privacy policy.

The RA received 97 complaints associated with fundraising and membership in this financial year, compared to 172 in the previous financial year This is a comparatively low figure for the sector and our activities and represents the degree with which we have developed our processes to ensure we put our supporters and the safeguarding of their data at the centre of everything we do. Nevertheless, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our supporter relations team investigate each complaint and we do all we can to resolve complaints and ensure supporters are happy with our work.

The Royal Academy of Arts
Trustees' Report
For the year ended 31 August 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees or members of Council (who are also directors of the Royal Academy for the purpose of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 charity will continue in business; and
- observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that 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.

AUDIT INFORMATION

So far as each of the trustees at the time the trustees' report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution to re-appoint Moore Kingston Smith LLP as the Royal Academy's auditors will be put to the forthcoming General Assembly.

On behalf of the Council

Rebecca Salter PRA
President

Peter St John
Treasurer

The Royal Academy of Arts
Burlington House
Piccadilly
London W1J OBD

Date: 1 Dec 2020.

Independent Auditors' Report to the Trustees of The Royal Academy of Arts

Opinion

We have audited the financial statements of The Royal Academy of Arts for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard Applicable in the UK and Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2020 and of the group's 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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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

As explained more fully in the statement of trustees' responsibilities set out on page 24, 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 group and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.

Auditors' responsibilities for the audit of the financial statements (continued)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this 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 which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Andrew Stickland (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 8 December 2020

The Royal Academy of Arts
Consolidated Statement of Financial Activities
(including an income and expenditure account)
For the year ended 31 August 2020

	Note	Unrestricted funds 2020 £	Ongoing activities Designated funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Burlington Project Restricted funds 2020 £	Total 2020 £	Total 2019 £ as restated see note 4 for comparatives
Income from:								
Donations and legacies								
General donations from RAT*		-	-	316,946	-	-	**316,946**	274,557
Other donations from RAT*:								
Burlington Project		-	-	-	-	1,505,000	**1,505,000**	1,100,000
Cataloguing project		-	-	19,526	-	-	**19,526**	32,000
Other projects		-	-	541,990	-	-	**541,990**	530,899
Donations from Friends of the RA		11,527,070	-	-	-	-	**11,527,070**	11,571,381
Other donations	5	1,259,803	2,169,567	3,502,838	625,000	4,044,595	**11,601,803**	9,565,506
Grant income	6	2,357,154	-	89,047	-	-	**2,446,201**	1,012,781
Charitable activities								
Exhibitions		4,533,432	-	-	-	-	**4,533,432**	6,379,617
Schools		73,353	-	-	-	-	**73,353**	34,012
Collections		11,877	-	-	-	-	**11,877**	21,195
Education		426,228	-	-	-	-	**426,228**	644,906
Other trading activities								
Income from trading subsidiaries	7	9,315,964	-	-	-	-	**9,315,964**	10,794,559
Sponsorship, rent and other receipts		2,986,511	-	-	-	-	**2,986,511**	2,887,201
Investments								
Bank interest		10,783	-	-	-	7,223	**18,006**	21,151
Dividends		601	-	-	-	-	**601**	595
Total income		32,502,776	2,169,567	4,470,347	625,000	5,556,818	**45,324,508**	44,870,360
Expenditure on:								
Raising funds								
Fundraising	9	(3,965,482)	-	-	-	-	**(3,965,482)**	(4,887,357)
Expenditure from trading subsidiaries	7	(6,630,888)	-	-	-	-	**(6,630,888)**	(7,515,764)
Charitable activities	10	(23,203,089)	(1,908,726)	(2,059,060)	-	-	**(27,170,875)**	(29,439,781)
Other								
Project management		-	-	-	-	-	**-**	(20,878)
Temporary accommodation		-	-	-	-	-	**-**	(23,199)
Donation to RAT*		-	-	(16,828)	-	-	**(16,828)**	(18,666)
Total expenditure		(33,799,459)	(1,908,726)	(2,075,888)	-	-	**(37,784,073)**	(41,905,645)
Net gains on investments	19	-	-	-	31,305	-	**31,305**	-
Net income / (expenditure)	11	(1,296,683)	260,841	2,394,459	656,305	5,556,818	**7,571,740**	2,964,715
Transfers between funds	24-26	2,743,447	52,459	27,160	150,000	(2,973,066)	**-**	-
Other gains								
Tax credit	15	363,493	-	-	-	-	**363,493**	434,551
Remeasurement of defined benefit pension scheme asset	29	631,000	-	-	-	-	**631,000**	(843,000)
Net movement in funds		2,441,257	313,300	2,421,619	806,305	2,583,752	**8,566,233**	2,556,266
Total funds brought forward		82,747,276	387,870	1,453,722	-	4,296,354	**88,885,222**	86,328,956
Total funds carried forward		**85,188,533**	**701,170**	**3,875,341**	**806,305**	**6,880,106**	**97,451,455**	88,885,222

All gains and losses arising in the year are included in the Statement of Financial Activities and derive from continuing activities.

* RAT denotes Royal Academy Trust

The Royal Academy of Arts
Balance Sheets as at 31 August 2020

	Note	Group 2020 £	Group 2019 £	Royal Academy 2020 £	Royal Academy 2019 £
Fixed assets					
Intangible assets	17	**630,765**	957,903	**480,219**	654,342
6 Burlington Gardens	18.c	**65,156,834**	64,774,708	**65,156,834**	64,774,708
Other tangible fixed assets	18.a,b	**31,298,188**	33,661,845	**31,272,995**	33,631,194
Heritage assets	16	**1,392,110**	1,142,110	**1,392,110**	1,142,110
Investments	19	**806,305**	-	**806,413**	108
Total fixed assets		**99,284,202**	100,536,566	**99,108,571**	100,202,462
Current assets					
Stock		**1,078,815**	1,012,499	-	-
Debtors	20	**3,807,928**	4,009,112	**4,723,380**	4,279,499
Cash and cash equivalents		**7,978,608**	3,169,490	**7,859,180**	3,106,157
Total current assets		**12,865,351**	8,191,101	**12,582,560**	7,385,656
Creditors - amounts falling due within one year	21	**(10,588,175)**	(13,265,588)	**(10,129,753)**	(12,132,839)
Net current assets / (liabilities)		**2,277,176**	(5,074,487)	**2,452,807**	(4,747,183)
Total assets less current assets / (liabilities)		**101,561,378**	95,462,079	**101,561,378**	95,455,279
Creditors - amounts falling due after more than one year	22	**(10,821,923)**	(12,374,857)	**(10,821,923)**	(12,374,857)
Net assets excluding pension scheme asset		**90,739,455**	83,087,222	**90,739,455**	83,080,422
Defined benefit pension scheme asset	29	**6,712,000**	5,798,000	**6,712,000**	5,798,000
Total net assets		**97,451,455**	88,885,222	**97,451,455**	88,878,422
The funds of the charity:					
Endowment funds	24	**806,305**	-	**806,305**	-
Restricted funds	25	**10,755,447**	5,750,076	**10,755,447**	5,750,076
Unrestricted funds:					
Designated funds	26	**701,170**	387,870	**701,170**	387,870
General funds		**78,476,533**	76,949,276	**78,476,533**	76,942,476
Pension reserve	29	**6,712,000**	5,798,000	**6,712,000**	5,798,000
Total unrestricted funds		**85,889,703**	83,135,146	**85,889,703**	83,128,346
Total charity funds		**97,451,455**	88,885,222	**97,451,455**	88,878,422

Approved and authorised for issue by the President and Council of The Royal Academy of Arts on 1 Dec 2020

..... President
Rebecca Salter PRA

..... Treasurer
Peter St John

Registered Company No. 06298947

The Royal Academy of Arts
Consolidated Statement of Cash Flows
For the year ended 31 August 2020

	Note	2020 £	2019 £
Net cash provided by operating activities	28	**7,812,378**	6,125,711
Tax credit received		**534,941**	37,878
Cash flows from investing activities			
Interest paid	11	**(500,734)**	(618,889)
Interest received		**18,006**	21,151
Payments to acquire intangible fixed assets	17.a	**(251,188)**	(422,380)
Payments to acquire tangible fixed assets	18.a	**(1,509,685)**	(2,079,518)
Payments to acquire heritage assets	16	**-**	(14,360)
Payments to acquire fixed asset investments	19	**(775,000)**	-
Net cash used in investing activities		**(3,018,601)**	(3,113,996)
Cash flows from financing activities			
Net repayment on revolving credit facilities	21	**(300,000)**	(1,000,000)
Bank loan repayments	22	**(219,600)**	(219,600)
Net cash used in financing activities		**(519,600)**	(1,219,600)
Net change in cash and cash equivalents		**4,809,118**	1,829,993
Cash and cash equivalents at the beginning of the year		**3,169,490**	1,339,497
Cash and cash equivalents at the end of the year		**7,978,608**	3,169,490
Analysis of cash and cash equivalents:			
Cash at bank and in hand		**7,978,608**	3,169,490
Total cash and cash equivalents		**7,978,608**	3,169,490

Analysis of changes in net debt:		**Opening** **£**	**Cash flows** **£**	**Closing** **£**
Cash		3,169,490	4,809,118	**7,978,608**
Loans falling due within one year	21	(4,219,600)	300,000	**(3,919,600)**
Loans falling due after more than one year	22	(11,041,523)	219,600	**(10,821,923)**
Total net debt		**(12,091,633)**	**5,328,718**	**(6,762,915)**

1 General information

The Royal Academy of Arts ("Royal Academy") and its subsidiaries (together "the Group") continues to aspire to promote the arts of design and educate the public in the creation, appreciation and enjoyment of arts. The registered office is Burlington House, Piccadilly, London.

The Royal Academy is a company limited by guarantee and a registered charity and incorporated in England and Wales.

2 Summary of significant accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charities Act 2011 and Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest pound.

The Royal Academy is a Public Benefit Entity as defined by FRS 102.

a. Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Royal Academy and its three trading subsidiaries: RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2020. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 7 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual SOFA. The Royal Academy only surplus (net movement in funds) was £8,566,233 (2019: £2,556,266).

The principal accounting policies applied in the preparation of these financial statements are set out in the notes below. These policies have been consistently applied to all the years presented, with the exception of a prior year restatement to reclassify income of £200,482 between donations and grant income and £21,766 of expenditure between charitable activities and fundraising following a review of income and expenditure allocations.

2 Summary of significant accounting policies (continued)

b. 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 Royal Academy 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 and have considered the potential impact of the Covid-19 pandemic. In particular, the trustees have considered the sensitivity of forecasts to an extension to the current lockdown and slower recovery from it. They have taken account of the related pressures on its key sources of income from donations, in particular the annual donation from the Friends of the Royal Academy; sponsorship and admission income from its exhibitions programme; and from its trading activities, including onsite and online retail and corporate membership and lets. The trustees have further reviewed its underlying cost base and its expenditure on both its charitable and fundraising activities, as well as from commercial trading, supporting these key sources of income. From this review and in order to mitigate the impact of Covid-19 over both the next 12 months and to ensure the longer term financial sustainability of the Royal Academy, the trustees are embarking on a significant restructuring programme to establish a core organisational structure and to deliver £8m annual cost savings. The Royal Academy is currently in a Collective Consultation process in respect of a substantial redundancy programme, which is planned to be completed later in 2020.

Notwithstanding the impact of the Covid-19 pandemic, the trustees consider that there are no material uncertainties about the Group's ability to continue as a going concern. The Group has net current assets of £2.3m at the year end, including £3.7m drawn on a £5.0m committed Masterplan Revolving Credit Facility (“Masterplan RCF”), which can, if required, be rolled forward after each three month interest period to June 2023. The Group also has access to a committed £2.5m Operating Revolving Credit Facility (“Operating RCF”) to March 2023 and a £0.5m overdraft facility, neither of which had been drawn upon as at the year end or in the post year end period to date.

An extension of £3.5m of the £5.0m Masterplan RCF from June 2023 to August 2024 and £1.5m of the £2.5m Operating RCF from March 2023 to August 2024 has been approved, with the facility agreement due to be signed later in 2020.

In addition, the Royal Academy Trust, an independent charity established to specifically provide support to the Royal Academy, held funds of £46.7m at 31 August 2020 in trust for the Royal Academy, of which £16.6m are unrestricted, including £11.3m that is both unrestricted and not designated, and £0.9m of restricted funds held in the Paul Mellon Endowment fund, which may be used for the general purposes of the Royal Academy.

In November 2020, the Royal Academy Trust approved a £2.0m donation to the Royal Academy from unrestricted funds towards Burlington Project – Phase I cost overruns, with the donation expected to be made by March 2021. The Royal Academy Trust had previously agreed to fund up to £5.0m of cost overruns, for which £3.0m had been donated previously. It was originally anticipated that the final £2.0m donation would not be made until the year ended 31 August 2023, but as a result of the significant financial challenges facing the Royal Academy as a result of the Covid-19 pandemic, an earlier donation has been approved. In November 2020, the Royal Academy Trust also pledged a further £2.0m donation to the Royal Academy, which may be drawn down over the period to 31 August 2023 as emergency support funding to mitigate the financial impact of Covid-19.

In view of the steps being taken to reduce the cost base; the level of current liquid resources; the long term loan funding and short term facilities in place; and the pledged donations and ongoing support of the Royal Academy Trust, the trustees consider that the Group has both sufficient funding and liquidity for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

2 Summary of significant accounting policies (continued)

c. Total return investment accounting

The trustees have elected to adopt the total return approach for the investment of its permanent endowments. Under this approach, the permanently endowed funds are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation; the investment return forms a component of the endowment fund called the unapplied total return. The trustees periodically determine how much of the unapplied total return is released to income for spending and how much is retained for investment. This allocation is made equitably to balance the need for income to meet current requirements and to hold funds as part of the endowment to produce investment returns for the future.

d. Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds arise when the donor has expressly provided that the donation is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustees have the discretion to spend the capital, an expendable endowment, and those where there is no discretion to expend the capital, a permanent endowment.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated funds, where Council have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors; and unrestricted funds, which are used at the trustees' discretion in furtherance of the general objectives of the Royal Academy, including the general fund which represents the Group's reserves. The major funds held in each of these categories are disclosed in notes 24 to 26.

Transfers between funds represents the funds transferred between restricted funds to the general unrestricted fund on completion of projects and restrictions being satisfied.

e. Burlington House

The Royal Academy holds a 999 year lease on Burlington House, of which almost 850 years remain, title to which is vested in the Secretary of State for the Department of Communities and Local Government. The rent of the property is nominal but it is the responsibility of the Royal Academy to maintain the property in a sound condition. The property is inalienable in that its ownership reverts to the Government if it is no longer used by the Royal Academy. The property works carried out on the galleries, Schools and Library are principally to maintain the fabric in its original condition and ensure an adequate environment for the exhibits. As the value of these works is part of the fabric of the building and cannot be realised, these are not recognised in the balance sheet except in the case of building improvements as detailed in the fixed assets and depreciation policy described below.

f. Heritage assets

The Royal Academy holds a collection of works of art, which consists of paintings, sculptures and prints, together with a library of books acquired by the Royal Academy by donation, bequest and from members on election to the Royal Academy ("Diploma Works").

2 Summary of significant accounting policies (continued)

f. Heritage assets (continued)

The trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of heritage assets held by the Royal Academy. In particular, the Diploma Works have an intrinsic value to the Royal Academy collection as an embodiment of the development of the Royal Academy as an institution. The manner in which they are given to the Royal Academy makes the valuation of these items very subjective, such that a reliable value cannot be arrived at. Furthermore, the cost of valuing the entire collection would be onerous compared with the benefit derived by users of the financial statements in assessing the Royal Academy's stewardship of these assets.

As such, the Royal Academy does not recognise these assets on its balance sheet other than acquisitions made since 1 April 2010 with a value of £10,000 or more. These are reported at cost where the asset is purchased or at the curator's best estimate of current value where the asset is donated. Such assets are not depreciated but are reviewed for impairment in the event of physical deterioration. Any impairment in the value of an asset is treated as charitable expenditure in the year in which it arises.

Expenditure which is required to preserve or prevent further deterioration of the collection is recognised in the SOFA when it is incurred.

g. Foreign currency

Investment transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date.

h. Intangible assets

Computer software and website costs are stated at cost less accumulated amortisation and impairment losses. These are amortised over their estimated useful life, of three years, on a straight line basis.

i. Tangible assets

Expenditure on building improvements, new machinery and equipment is capitalised as fixed assets and stated at cost less accumulated depreciation. The Royal Academy applies a £1,000 threshold to the capitalisation of fixed assets. Depreciation is charged at the following rates on a straight line basis:

Building improvements	5 to 25 years
Computers	over 3 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 15 years
Motor vehicles	over 3 years

Short leasehold property improvements are depreciated over the period of the lease.

Freehold property has been capitalised and included in fixed assets at cost. Depreciation has not been provided after taking into account the value of the land, the residual value of the property and the estimated useful life of the asset. The property is reviewed annually for any potential impairment.

No depreciation is charged on assets in course of construction. Where assets are constructed as part of a project for which specific identifiable assets are brought into service before the overall project is completed, such assets will be transferred from assets in course of construction to building improvements or fixtures, fittings and equipment as appropriate and depreciated from the date these are placed in service.

2 Summary of significant accounting policies (continued)

j. Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

Incentives received to enter into operating leases are credited to the SOFA to reduce the lease expense, on a straight line basis over the period of the lease.

k. Stock

Stock principally consists of shop and e-commerce products and is valued at the lower of cost and net realisable value. In the case of artworks provided by an artist these items are recognised in the financial statements at their anticipated sales price, less anticipated cost of sales and any subsequent impairment.

l. Income

Income, which is stated net of VAT where applicable, and intra-group transactions, consists of box office takings, sponsorship, donations and grants.

Income received for an activity taking place in a subsequent period is deferred to that period in accordance with FRS 102, except where that income relates to an exhibition where the accounting policy outlined below is followed.

i. Exhibitions
The results of exhibitions are recognised in the financial statements of the year in which the majority of the exhibition takes place. Costs incurred and income received, including sponsorship income, in connection with forthcoming exhibitions, where the majority of the exhibition falls after the year end, are deferred at the balance sheet date. If a decision is made not to proceed with an exhibition, the costs are written off. Commission on art sales at the Royal Academy's Summer Exhibition is recognised at the point of sale by the artist.

ii. Donated services
Where an artist has donated their services, for example, in the creation of artworks or artworks themselves, to be sold alongside an exhibition, the donated services or artworks are recognised in the financial statements in accordance with the policy for exhibitions income disclosed above.

Other donated services are recognised when these have been delivered and are valued at the amount the Royal Academy would be prepared to pay for a similar service.

iii. Patrons
Patrons income is recognised in the financial statements on a cash received basis.

iv. Grants
For performance related grants, income entitlement is considered to be conditional upon the meeting of conditions imposed by the grant. Income is therefore recognised in the financial statements to the extent that the Royal Academy has demonstrably met any grant conditions imposed.

Non-performance related grants are recognised when there is evidence of entitlement, receipt is probable (more likely than not) and its amount can be measured reliably.

2 Summary of significant accounting policies (continued)

l. Income (continued)

v. Donations

Donations and related Gift Aid are accounted for when the donation is received. If donations are specifically in connection with a future event, these are restricted; if specifically in connection with a future exhibition, these follow the policy set out in 2.l.i..

vi. Trading subsidiary income

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and VAT.

Turnover is recognised at the point of sale for goods and when services have been delivered. Subscriptions are accounted for in the period in which membership commences.

m. Legacies

Legacies are accounted for as income where there is clear entitlement; the amounts can be measured reliably; and receipt is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted; and
- The executors have established there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the charity's control.

Measurement is based on the value listed in the will for pecuniary gifts, provided the estate has sufficient funds, and on the estate accounts for residuary gifts.

n. Expenditure

Expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure is recognised when there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable a transfer of economic benefit will be required in settlement and the amount can be measured reliably.

Expenditure on raising funds consist of costs of trading subsidiaries and fundraising expenditure. These include the direct costs of the department, including the running costs of sponsorship, fundraising and events, together with a share of the support costs of the Royal Academy.

Charitable activities include all costs related to the main purpose of the Royal Academy and include: direct costs of exhibitions and the associated education programme; running the Royal Academy Schools; and the conservation of the permanent collection and the Library. Publicity costs are allocated to Exhibitions, Schools, Collections and Education based on the income from each area.

Support costs are the costs of departments which are shared by the various activities of the Royal Academy: Finance, Human Resources, Information Technology, Facilities and governance costs. These costs are allocated to activities on a basis that is appropriate to the nature of the expenditure and have therefore been allocated over headcount.

2 Summary of significant accounting policies (continued)

o. Employee benefits

The Royal Academy provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined benefit pension plan

The Royal Academy of Arts Pension Scheme ("the Scheme") is a defined benefit pension scheme closed to future accrual on 30 September 2016. Pension assets and liabilities are recorded in line with Section 28 of FRS 102. With scheme valuations undertaken by independent actuaries, FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities. Current service costs, together with the net interest for the year, are allocated to relevant expenditure headings within the SOFA. Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the Scheme liabilities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in unrestricted funds in the SOFA within remeasurement of defined benefit pension scheme asset. The resulting defined benefit pension scheme asset or liability is presented separately on the face of the balance sheet in unrestricted funds. The Royal Academy recognises an asset for its Scheme to the extent this is considered recoverable through reduced contributions in the future, or through refunds from the Scheme. The trustees of the Scheme believe that the Scheme currently meets the minimum funding requirements. The assets of the Scheme are held completely independently from the Royal Academy.

The income and expense related to the Scheme is allocated entirely to the unrestricted ongoing activities of the Group.

iii. Defined contribution pension plans

The Royal Academy operates two defined contribution plans for its employees. The contributions are recognised as an expense when these are due. Amounts not paid are shown in accruals in the balance sheet.

iv. Termination payments

Termination benefits are payable when employment is terminated by the Royal Academy before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Royal Academy recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

p. Administered funds

Investments held by the administered funds are stated at market value at the balance sheet date. Dividend income from investments is recognised on an accruals basis.

2 Summary of significant accounting policies (continued)

q. Investments

Listed investments are stated at market value at the year end. The market value of securities is based on the bid market quotation on the relevant stock exchange and investments that are held in units are stated at the average of the unit bid and offer prices. Unlisted investments are stated at cost as no market value is available. The SOFA includes any realised or unrealised gain or loss during the year. Investment income, including the related tax credit, and interest on bank and short-term deposits are accounted for on a receivable basis.

r. Financial instruments

Financial instruments are recognised in the Royal Academy's balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Royal Academy after deducting all of its liabilities.

i. Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost less any impairment.

ii. Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA.

Trade debtors and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "debtors". Debtors are measured at amortised cost less any impairment.

iii. Impairment of financial assets
Financial assets, other than those held at fair value through the SOFA, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the SOFA.

iv. Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

v. Basic financial liabilities
Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

2 Summary of significant accounting policies (continued)

r. Financial instruments (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost.

vi. Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the SOFA in finance costs or finance income as appropriate. Hedge accounting is not currently applied.

3 Critical accounting judgments and estimation uncertainty

Estimates and judgments 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.

a. Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for fixed assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. These are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 17 and 18 for the carrying value of assets and note 2.h and 2.i for the useful economic lives.

b. Impairment of debtors

The Royal Academy makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

c. Defined benefit pension scheme asset / liability

The determination of the assumptions used in calculating the defined benefit pension scheme asset / liability is the responsibility of the trustees of the Royal Academy, with delegated authority to the Director of Finance. The assumptions are set with regard to advice given by the scheme actuary.

4 Prior year comparatives by type of fund

The SOFA provides prior year comparatives in total; this note provides prior period comparatives for each of the types of funds.

		Ongoing activities			Burlington Project	
		Unrestricted funds 2019	Designated funds 2019	Restricted funds 2019	Restricted funds 2019	Total 2019
		£	£	£	£	£
Income from:						as restated
Donations and legacies						
General donations from RAT*		-	-	274,557	-	**274,557**
Other donations from RAT*:						
Burlington Project		-	-	-	1,100,000	**1,100,000**
Cataloguing project		-	-	32,000	-	**32,000**
Other projects		-	-	530,899	-	**530,899**
Donations from Friends of the RA		11,571,381	-	-	-	**11,571,381**
Other donations	5	2,601,027	283,831	2,713,236	3,967,412	**9,565,506**
Grant income	6	-	-	1,012,781	-	**1,012,781**
Charitable activities						
Exhibitions		6,379,617	-	-	-	**6,379,617**
Schools		34,012	-	-	-	**34,012**
Library		21,195	-	-	-	**21,195**
Education		644,906	-	-	-	**644,906**
Other trading activities						
Income from trading subsidiaries	7	10,794,559	-	-	-	**10,794,559**
Sponsorship, rent and other receipts		2,887,201	-	-	-	**2,887,201**
Investments						
Bank interest		20,627	-	-	524	**21,151**
Dividends		595	-	-	-	**595**
Total income		34,955,120	283,831	4,563,473	5,067,936	**44,870,360**
Expenditure on:						
Raising funds						
Fundraising	9	(4,887,357)	-	-	-	**(4,887,357)**
Expenditure from trading subsidiaries	7	(7,515,764)	-	-	-	**(7,515,764)**
Charitable activities	10	(25,504,679)	(2,000)	(3,933,102)	-	**(29,439,781)**
Other						
Project management		(20,878)	-	-	-	**(20,878)**
Temporary accommodation		(3,814)	-	-	(19,385)	**(23,199)**
Donation to RAT*		-	-	(18,666)	-	**(18,666)**
Total expenditure		(37,932,492)	(2,000)	(3,951,768)	(19,385)	**(41,905,645)**
Net income / (expenditure)	11	(2,977,372)	281,831	611,705	5,048,551	**2,964,715**
Transfers between funds	24-26	4,309,010	-	-	(4,309,010)	**-**
Other gains						
Tax credit	15	434,551	-	-	-	**434,551**
Remeasurement of defined benefit pension scheme asset	29	(843,000)	-	-	-	**(843,000)**
Net movement in funds		923,189	281,831	611,705	739,541	**2,556,266**
Total funds brought forward		81,824,087	106,039	842,017	3,556,813	**86,328,956**
Total funds carried forward		82,747,276	387,870	1,453,722	4,296,354	**88,885,222**

* RAT denotes Royal Academy Trust

5 Income from other donations

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
2020					
Exhibitions	426,554	-	342,480	-	**769,034**
Schools	14,633	55,635	488,025	-	**558,293**
Collections	250	-	12,500	-	**12,750**
Education	47,337	500	206,048	-	**253,885**
General - Other*	771,029	-	2,441,151	-	**3,212,180**
Burlington Project - Sackler lift	-	-	250,000	-	**250,000**
Burlington Project - Phase I/II	-	-	3,794,595	-	**3,794,595**
Presidents Fund	-	8,393	-	-	**8,393**
Schools - Permanent Endowment	-	-	-	625,000	**625,000**
Coronavirus Emergency Support Fund ("CESF")	-	1,533,708	-	-	**1,533,708**
Legacies - Schools	-	-	12,634		**12,634**
Legacies - Presidents Fund**	-	185,333	-	-	**185,333**
Legacies - CESF	-	385,998	-	-	**385,998**
Total	**1,259,803**	**2,169,567**	**7,547,433**	**625,000**	**11,601,803**
2019 as restated					
Exhibitions	348,678	-	422,323	-	**771,001**
Schools	113,941	20,000	299,619	-	**433,560**
Collections	3,790	15,240	560,451	-	**579,481**
Education	25,925	-	508,377	-	**534,302**
General - Plant upgrade	-	-	558,675	-	**558,675**
General - Other	2,074,619	-	195,126	-	**2,269,745**
Burlington Project	1,850,981	-	2,116,431	-	**3,967,412**
Presidents Fund	-	242,500	-	-	**242,500**
Exhibitions - Permanent Endowment	-	-	-	150,000	**150,000**
Legacies - Presidents Fund**	-	58,830	-	-	**58,830**
Total	**4,417,934**	**336,570**	**4,661,002**	**150,000**	**9,565,506**

* General other includes a donation of £2,159,884 for the purchase and maintenance of 7 Pembroke Studios (see note 25.b).

** With effect from 1 September 2018, Council has determined that unrestricted legacies will be set aside as part of the "Presidents Fund" which is a designated fund held for the general purposes of the Royal Academy.

6 Income from grant income

	Unrestricted funds £	Restricted funds £	Total £
2020			
Coronavirus Job Retention Scheme	2,300,268	-	**2,300,268**
Exhibitions	-	27,770	**27,770**
Schools	56,886	-	**56,886**
Education	-	61,277	**61,277**
Total	**2,357,154**	**89,047**	**2,446,201**
2019 as restated			
Exhibitions	-	1,012,000	**1,012,000**
Education	-	781	**781**
Total	**-**	**1,012,781**	**1,012,781**

The Royal Academy has taken advantage of the Government's Coronavirus Job Retention Scheme ("CJRS") since it was introduced in March 2020, placing over 60% of permanent staff on furlough at points during the period to 31 August 2020, as well as temporary staff.

7 Results from subsidiaries

The Royal Academy has three wholly owned trading subsidiaries: R.A. Enterprises Limited, which operates a shop and e-commerce business, a restaurant and cafés, a publications and art sales business and commercial learning; RA (Arts) Limited, which provides entertainment services to the corporate sector; and Burlington House Limited, which raises funds from the corporate sector and individuals through ticketed events. These companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy. The registered offices of all subsidiaries is Burlington House, Piccadilly, London. A summary of their trading results is shown below. Audited financial statements for these subsidiaries are filed annually with the Registrar of Companies.

Profit and Loss:	**Total**	**R.A. Enterprises Ltd**		**RA (Arts) Ltd**		**Burlington House Ltd**	
	2020	**2020**	2019	**2020**	2019	**2020**	2019
	£	**£**	£	**£**	£	**£**	£
Turnover	**9,315,964**	**7,042,424**	7,228,548	**2,059,757**	2,664,056	**213,783**	901,955
Cost of sales	**(3,128,689)**	**(2,934,628)**	(3,180,088)	**(65,029)**	(76,896)	**(129,032)**	(418,887)
Administrative expenses	**(3,502,199)**	**(3,167,538)**	(3,284,521)	**(264,527)**	(386,488)	**(70,134)**	(168,884)
Total expenses	**(6,630,888)**	**(6,102,166)**	(6,464,609)	**(329,556)**	(463,384)	**(199,166)**	(587,771)
Net result	**2,685,076**	**940,258**	763,939	**1,730,201**	2,200,672	**14,617**	314,184
Distribution to the Royal Academy	**(2,685,076)**	**(940,258)**	(763,939)	**(1,730,201)**	(2,200,672)	**(14,617)**	(314,184)

No charge to taxation will arise as the companies have entered into deeds of covenant to donate their distributable profits to the Royal Academy.

Balance Sheet:

Fixed assets							
Intangible fixed assets	**150,546**	**150,546**	304,163	**-**	-	**-**	-
Tangible fixed assets	**25,197**	**25,197**	30,646	**-**	-	**-**	-
Total fixed assets	**175,743**	**175,743**	334,809	**-**	**-**	**-**	**-**
Current assets							
Stock	**1,078,815**	**1,078,815**	1,012,499	**-**	-	**-**	-
Debtors	**1,228,038**	**463,859**	477,441	**419,589**	511,933	**344,590**	161,600
Cash and cash equivalents	**108,716**	**55,516**	-	**-**	-	**53,200**	-
Total current assets	**2,415,569**	**1,598,190**	1,489,940	**419,589**	511,933	**397,790**	161,600
Current liabilities							
Creditors - amounts falling due within one year	**(2,591,204)**	**(1,773,929)**	(1,824,745)	**(419,585)**	(511,929)	**(397,690)**	(161,500)
Net current assets / (liabilities)	**(175,635)**	**(175,739)**	(334,805)	**4**	4	**100**	100
Total assets less total liabilities	**108**	**4**	4	**4**	4	**100**	100
Capital and reserves							
Called up share capital	**108**	**4**	4	**4**	4	**100**	100
Equity shareholders' funds	**108**	**4**	4	**4**	4	**100**	100

8 Support costs

2020	Finance £	IT £	Personnel £	Facilities £	Governance £	Total £
Exhibitions	893,634	515,109	209,629	1,484,179	194,462	**3,297,013**
Schools	229,792	132,456	53,904	381,646	50,005	**847,803**
Collections	217,026	125,098	50,910	360,444	47,227	**800,705**
Education	293,623	169,250	68,878	487,659	63,895	**1,083,305**
Publicity	548,947	316,424	128,772	911,710	119,455	**2,025,308**
Fundraising	510,648	294,348	119,788	848,103	111,121	**1,884,008**
2020 total	**2,693,669**	**1,552,684**	**631,880**	**4,473,741**	**586,165**	**9,938,142**

2019	Finance £	IT £	Personnel £	Facilities £	Governance £	Total £ as restated
Exhibitions	1,075,081	535,589	191,724	1,605,947	218,091	3,626,432
Schools	246,978	123,041	44,045	368,934	50,102	833,100
Collections	276,035	137,516	49,226	412,338	55,996	931,111
Education	290,563	144,754	51,817	434,040	58,943	980,117
Publicity	639,238	318,458	113,998	954,888	129,676	2,156,258
Fundraising	653,766	325,696	116,589	976,590	132,623	2,205,264
2019 total	3,181,661	1,585,054	567,399	4,752,737	645,431	10,732,282

9 Fundraising

	2020 £	2019 £ as restated
Direct fundraising costs	**2,081,474**	2,682,093
Support costs (note 8)	**1,884,008**	2,205,264
Total	**3,965,482**	4,887,357

10 Charitable activities

2020	Direct costs £	Support costs £ (note 8)	Publicity costs (i) £	Total £
Exhibitions	12,097,532	3,297,013	4,750,497	**20,145,042**
Schools	1,216,587	847,803	76,865	**2,141,255**
Collections	1,212,002	800,705	12,446	**2,025,153**
Education	1,329,484	1,083,305	446,636	**2,859,425**
Total	**15,855,605**	**6,028,826**	**5,286,444**	**27,170,875**

10 Charitable activities (continued)

2019	Direct costs £	Support costs £	Publicity costs (i) £	Total £ as restated
Exhibitions	12,761,239	3,626,432	4,983,613	21,371,284
Schools	1,414,805	833,100	26,569	2,274,474
Collections	1,711,198	931,111	16,557	2,658,866
Intellectual property expenditure	13,333	-	-	13,333
Education	1,637,921	980,117	503,786	3,121,824
Total	17,538,496	6,370,760	5,530,525	29,439,781

Exhibitions expenditure includes the direct costs of mounting all loan exhibitions and the Summer Exhibition and all associated costs, such as curatorial staff, art handling, security, press and box office.

i. Publicity costs comprise direct publicity costs and an allocation of support costs analysed as follows:

	2020 £	2019 £ as restated
Direct publicity costs	**3,261,136**	3,374,267
Support costs (note 8)	**2,025,308**	2,156,258
Total	**5,286,444**	5,530,525

11 Net income / (expenditure)

	2020 £	2019 £
This is stated after charging:		
Amortisation	**578,326**	443,927
Depreciation	**3,547,060**	3,560,994
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	**50,340**	51,256
Audit services - defined benefit pension scheme	**8,775**	8,250
Other services	**22,534**	19,502
Interest payable and similar charges	**500,734**	618,889

External auditors other services relate to tax compliance and other advice.

The total lease expenditure incurred in the year was £88,142 (2019: £168,355).

12 Role of volunteers

Like all charities, the Royal Academy, uses a team of volunteers. In 2020 the Royal Academy engaged 162 (2019: 162) volunteers across both its Learning and Collections departments.

In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the financial statements.

13 Officers' and Council members' remuneration

	2020	2019
	£	£
Officers' remuneration, excluding pension contributions, is as follows:		
President	**66,308**	70,000
Keeper	**27,226**	50,000
Secretary and Chief Executive	**186,951**	180,060
Treasurer	**38,000**	40,000
Total	**318,485**	340,060

Remuneration for officers is set by the Remuneration Committee.

One officer (2019: one) received pension contributions totalling £18,695 (2019: £17,270).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. Two (2019: three) trustees received reimbursed expenditure of:

	2020	2019
	£	£
Travel	**1,188**	3,566
Other	**82**	802
Total	**1,270**	4,368

Trustee indemnity insurance costs for the year totalled £21,213 (2019: £21,213).

14 Staff costs

	2020	2019
	£	£
Salaries and wages	**13,839,584**	13,800,448
Social security costs	**1,291,619**	1,295,260
Redundancy and termination payments	**108,656**	144,771
Pension contributions - defined contribution schemes	**949,037**	949,844
Pension service income - defined benefit scheme	**(106,000)**	(168,000)
Total	**16,082,896**	16,022,323

Staff costs include payroll for temporary as well as permanent staff.

As disclosed in note 6, grant income of £2,300,268 was claimed in respect of the Coronavirus Job Retention Scheme from its introduction in March 2020, which was used to retain both permanent and temporary staff during the year, with full-time equivalent employees broadly unchanged compared to last year. For the three month period of June to August 2020, all staff took a 20% reduction in working time and salary. Partly due to the impact of this, salaries and wages have only slightly increased in the year despite the annual pay increase.

Redundancy and termination payments made in the year relate to voluntary redundancies in exchange for these benefits (2019: same).

The key management personnel of the Royal Academy, and Group, comprise the Senior Leadership Team (previously Executive Committee), trustees and officers. Total remuneration of key management personnel during the year was £1,175,733 (2019: £1,479,020). Pension contributions were £104,717 (2019: £93,698).

14 Staff costs (continued)

The number of employees, including officers, whose remuneration exceeded £60,000, is shown below:

Band:	**2020**	2019
	No.	No.
£60,000 to £69,999	**5**	10
£70,000 to £79,999	**5**	3
£80,000 to £89,999	**2**	3
£100,000 to £109,999	**-**	1
£110,000 to £119,999	**1**	-
£120,000 to £129,999	**1**	1
£130,000 to £139,999	**1**	2
£140,000 to £149,999	**-**	1
£180,000 to £189,999	**1**	1
£210,000 to £219,999	**1**	-

Pension contributions for the above employees were £159,430 (2019: £158,774).

The average number of permanent employees and full-time equivalent ("FTE") permanent employees, including officers, during the year was:

	Headcount		**FTE**	
	2020	2019	**2020**	2019
	No.	No.	**No.**	No.
Charitable activities	**129**	130	**115**	116
Fundraising and publicity	**84**	88	**80**	84
Trading activities	**51**	55	**45**	49
Governance	**4**	4	**4**	3
Support	**103**	94	**101**	92
Total	**371**	371	**345**	344

The number of part-time staff employed by the Royal Academy varies throughout the year, depending on the exhibition programme.

15 Taxation

The Royal Academy is entitled to a tax credit under the Museums and Galleries Tax Relief scheme from 1 April 2017.

	2020	2019
	£	£
Taxation credit		
- For the current year	**255,223**	426,671
- Adjustment in respect of prior year	**108,270**	7,880
Total	**363,493**	434,551

16 Heritage assets

The Royal Academy holds assets that fall under the definition of "Heritage Assets". These fall into three broad collections: The Works of Art Collection, The Royal Academy Library and The Royal Academy Archive. Each of these is considered in turn.

All items in these collections are available to view by appointment. Items are also from time to time included in exhibitions at the Royal Academy, as well as being loaned out to other exhibitors.

The Works of Art Collection
The Works of Art Collection consists of works of art and other objects of historic, artistic or associational significance owned by the Royal Academy, namely: paintings, sculpture (including medals, dies, cameos, and intaglio gems); drawings; artists' sketchbooks; individually issued prints; photographs; plaster casts (including pastes of gems); historic skeletons relating to teaching in the Schools; objects of memorabilia, including artists' tools and materials; historic silver and silver-plate; historic items of furniture; picture frames; and certain fittings and fixtures within Burlington House. The Royal Academy holds around 990 paintings in its permanent collection and over 25,000 prints and drawings.

The majority of works and objects in the collections date from the foundation of the Royal Academy in 1768 to the present day. Exceptions include the *Taddei Tondo* , the only marble by Michelangelo in the UK; early copies after the Old Masters, such as those by Giampietrino, Rosso Florentino and Sir James Thornhill; as well as some prints and drawings.

The core of The Works of Art Collection is the Diploma Works. These are given by Academicians on election to the institution and are predominantly by British artists and architects. Other works of art were purchased, bequeathed or given to the Royal Academy and range from drawings to plaster casts and from photographs to paintings. There is also a collection of silver given to the Royal Academy by Academicians, which is of historical importance to the Royal Academy.

The Royal Academy Library (Special Books Collection)
The Library comprises the Historic Books Collection dating from the 16th century to approximately 1920, and the Special Illustrated Books Collection.

The Royal Academy Archive
The Archive holds papers and documents and copies of electronic correspondence relating to the institution's history as well as artists' letters and archives. The Archive also includes photographic prints, transparencies, glass slides and negatives, films and videotapes which relate to the history and activities of the institution. More information about the Royal Academy's collection is available at www.racollection.org.uk.

Capitalisation of the collections
In the opinion of the trustees, reliable information on cost or value is not available for the Royal Academy permanent collection. This is owing to the lack of reliable information on purchase cost; the lack of comparable market values; the diverse nature of the objects; and the volume of items held.

The collections have a significant intrinsic value relating to the way they provide a unique insight into the history of art and the study of art over the past 250 years. The manner in which items are given by Academicians makes valuation of these items difficult as there is no original cost to the item. In addition there is an intrinsic value to the collections as an embodiment of the history of the Royal Academy as an institution, which would also be far too subjective and unique to place any reliable value upon. For this reason, the permanent collection, large proportions of which were gifted to the Royal Academy at nil cost, are incomparable in nature and are not recognised as assets in the Royal Academy's balance sheet.

16 Heritage assets (continued)

Acquisitions and disposals

Diploma Works are proposed by newly elected members and accessioned into the collection following approval by Council. The approval of non-diploma works (by purchase, bequest or donation) is by the Director of Learning and Collections, in consultation with the relevant curator. If the acquisition is more than £5,000 in value, a case for accessioning must be made by the Director of Learning and Collections to the Collections and Library Committee. All acquisitions are reported annually to the Collections and Library Committee by the Director of Learning and Collections. The list is subsequently submitted to Council as part of an annual report and the Director of Learning and Collections attends Council to discuss any matters arising from the report.

Disposals will only take place in accordance with the Acquisitions and Disposals Policy. No disposals were made in the year. Objects will only be deaccessioned by way of exchange (in the case of Diploma Works) or if there is irreparable damage to or total loss of an object. Due to the accreditation by the Arts Council, and the Royal Academy's internal procedures and policies (described under "Collections management", below), disposals can only be for "financially motivated" reasons in exceptional circumstances. Any such disposal must be as part of a wider review of the Collection, and then proceeds must be used only for the benefit of the Collection.

In the financial year, Diploma Works were presented by Academicians John Akomfrah CBE RA, Gillian Wearing RA and Tony Cragg RA.

Gifts made to the Royal Academy in the current financial year include a bronze by Tony Cragg RA, valued at £250,000. This has been recognised in the balance sheet and will be reviewed annually for impairment. Valuations are made at fair value based on the value provided by the artist or their gallery.

The Acquisitions and Disposals Policy is available for review on the Royal Academy's website www.royalacademy.org.uk.

Preservation

The Royal Academy is committed to the preservation of its collections. It aims to ensure the longest possible life of the collections. This includes security, financial, environmental, storage and staffing that all help to preserve the collections for posterity.

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. Some items are held off-site in specialist warehouses.

For the works of art, most conservators employed by the Royal Academy are on the ICON Conservation Register. For other areas of the collections, a variety of conservation experts are consulted.

Collections management

The Works of Art Collection, Special Books Collection and Archive are catalogued in a series of discrete but interconnected databases, each fully conforming to their relevant professional standards, i.e. Spectrum for museum objects; AACR2 and MARC21 for books; and ISAD(G) for archives. The three databases are linked to a series of shared authority files and thesauri against which terms such as personal names, corporate names, materials and techniques, and production roles must be validated. This ensures consistency in data entry and in data searches.

The Collection, Library and Archive are designated as collections of national importance as awarded by the Arts Council in 2011. In order to meet the stringent requirements for this award, an extensive list of procedures and policies for the management of the collection, informed by nationally and internationally recognised standards, were approved by Council. These documents can be consulted in the Collections' Office.

16 Heritage assets (continued)

Analysis of heritage assets (Group and Royal Academy)

	Works of art				
	2020	2019	2018	2017	2016
	£	£	£	£	£
Carrying amount at 1 September	**1,142,110**	679,000	391,000	46,000	-
Purchases	**-**	14,360	-	10,000	-
Gifts	**250,000**	448,750	288,000	335,000	46,000
Carrying amount at 31 August	**1,392,110**	1,142,110	679,000	391,000	46,000

17 Intangible fixed assets

Intangible assets include the Royal Academy's website and intranet costs, core system software and R.A. Enterprises Limited's Epos, e-commerce and stock management software. Additions during the year of £251,188 primarily relate to the ongoing costs of the Royal Academy's system for selling and servicing tickets, membership and donations.

a. Group	**Software**
	£
Cost	
At 31 August 2019	2,221,383
Additions	251,188
At 31 August 2020	2,472,571
Amortisation	
At 31 August 2019	1,263,480
Charge for the year	578,326
At 31 August 2020	1,841,806
Net book value	
At 31 August 2020	**630,765**
At 31 August 2019	957,903

b. Royal Academy	**Software**
	£
Cost	
At 31 August 2019	1,649,194
Additions	199,649
At 31 August 2020	1,848,843
Amortisation	
At 31 August 2019	994,852
Charge for the year	373,772
At 31 August 2020	1,368,624
Net book value	
At 31 August 2020	**480,219**
At 31 August 2019	654,342

18 Tangible fixed assets

a. Group

	Building improvements £	Assets in course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2019	22,916,426	1,950,606	58,629	25,554,259	**50,479,920**
Additions	435,510	663,861	-	410,314	**1,509,685**
Reclassifications	27,616	(27,616)	-	-	**-**
Transfers to 6 Burlington Gardens	-	(326,282)	-	-	**(326,282)**
Disposals	-	-	-	(1,578,029)	**(1,578,029)**
At 31 August 2020	23,379,552	2,260,569	58,629	24,386,544	**50,085,294**
Depreciation					
At 31 August 2019	5,772,695	-	46,581	10,998,799	**16,818,075**
Disposals	-	-	-	(1,578,029)	**(1,578,029)**
Charge for the year	1,224,983	-	7,229	2,314,848	**3,547,060**
At 31 August 2020	6,997,678	-	53,810	11,735,618	**18,787,106**
Net book value					
At 31 August 2020	**16,381,874**	**2,260,569**	**4,819**	**12,650,926**	**31,298,188**
At 31 August 2019	17,143,731	1,950,606	12,048	14,555,460	33,661,845

b. Royal Academy

	Building improvements £	Assets in course of construction £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 31 August 2019	22,654,011	1,938,476	36,944	25,129,072	**49,758,503**
Additions	435,523	663,861	-	404,912	**1,504,296**
Reclassifications	27,616	(27,616)	-	-	**-**
Transfers to 6 Burlington Gardens	-	(326,282)	-	-	**(326,282)**
Disposals	-	-	-	(1,578,029)	**(1,578,029)**
At 31 August 2020	23,117,150	2,248,439	36,944	23,955,955	**49,358,488**
Depreciation					
At 31 August 2019	5,510,291	-	36,944	10,580,074	**16,127,309**
Disposals	-	-	-	(1,578,029)	**(1,578,029)**
Charge for the year	1,224,985	-	-	2,311,228	**3,536,213**
At 31 August 2020	6,735,276	-	36,944	11,313,273	**18,085,493**
Net book value					
At 31 August 2020	**16,381,874**	**2,248,439**	**-**	**12,642,682**	**31,272,995**
At 31 August 2019	17,143,720	1,938,476	-	14,548,998	33,631,194

c. 6 Burlington Gardens (Freehold property)

Group and Royal Academy	6 Burlington Gardens £
Cost	
At 31 August 2019	64,774,708
Additions	55,844
Transfers from assets in course of construction	326,282
At 31 August 2020	**65,156,834**

In the opinion of the trustees, based on a valuation as at 31 August 2018 by an independent third party, the current open market value of the Royal Academy's interest in 6 Burlington Gardens exceeds the book value by approximately £9.8m. The Royal Academy would have no liability to taxation if the asset was sold at open market value on the basis that the proceeds were used to further the company's charitable activities.

19 Investments

	Group		Royal Academy	
	2020	2019	**2020**	2019
	£	£	**£**	£
Investments at market value	**806,305**	-	**806,305**	-
Investments in subsidiaries at cost	**-**	-	**108**	108
Total	**806,305**	-	**806,413**	108

The Royal Academy beneficially owns all of the called up share capital of RA (Arts) Limited (02836364), R.A. Enterprises Limited (01666333) and Burlington House Limited (02216104), each of which is registered in England and Wales. See note 6 for the financial results of these entities during the year.

Movement in market value of investments:	**2020**
	£
Additions	**775,000**
Unrealised gains	**31,305**
Market value of investments at 31 August	**806,305**

Market value of investments by type:	**2020**
	£
Fixed income	**118,407**
Equities	**556,574**
Property	**14,113**
Alternative investments	**78,420**
Liquid assets	**38,791**
Total market value of investments (historic cost of investments £775,000)	**806,305**

Investments are held under management with Sarasin & Partners LLP and are invested in the Sarasin Climate Active Endowments Fund. The Fund seeks to provide growth (through increases in investment value and income) of 4% per year more than the Consumer Price Index over a rolling five year period. It has a global multi-asset portfolio with an integrated socially responsible investment policy that also favours investments that may benefit from a move to a lower carbon economy.

20 Debtors

	Group		Royal Academy	
	2020	2019	**2020**	2019
	£	£	**£**	£
Trade debtors	**786,874**	1,432,251	**338,739**	825,271
Royal Academy related entities	**-**	-	**1,679,294**	1,183,738
The Friends of the Royal Academy	**41,343**	-	**41,343**	-
Royal Academy Trust	**265,987**	-	**391,915**	-
Taxation	**504,207**	881,299	**490,097**	881,299
Staff loans	**25,400**	41,827	**25,400**	41,827
Sundry debtors	**1,101,831**	631,864	**785,059**	440,617
Prepayments and accrued income	**1,082,286**	1,021,871	**971,533**	906,747
Total	**3,807,928**	4,009,112	**4,723,380**	4,279,499

21 Creditors - amounts falling due within one year

	Group		Royal Academy	
	2020	2019	**2020**	2019
	£	£	**£**	£
Bank loan	**219,600**	219,600	**219,600**	219,600
Revolving credit facilities	**3,700,000**	4,000,000	**3,700,000**	4,000,000
Trade creditors	**691,437**	1,526,027	**547,279**	1,188,048
Royal Academy related entities	**-**	-	**296,116**	159,601
The Friends of the Royal Academy	**-**	109,097	**-**	109,097
Royal Academy Trust	**-**	274,556	**-**	45,735
Taxation and social security	**360,781**	629,149	**336,413**	357,658
Sundry creditors	**1,672,613**	1,935,242	**1,705,140**	1,936,176
Accruals	**1,872,390**	2,912,219	**1,766,712**	2,730,599
Deferred income (i)	**2,071,354**	1,659,698	**1,558,493**	1,386,325
Total	**10,588,175**	13,265,588	**10,129,753**	12,132,839

A Masterplan Revolving Credit Facility of £5.0m was taken out in May 2017 to manage working capital requirements in relation to the Burlington Project. The facility which is available for a period of five years and which has been extended to June 2023, can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after three months; at the end of the three month period the advance can either be rolled over for another three month period or repaid. As at 31 August 2020 this facility was drawn down by £3.7m (2019: £4.0m). An extension of £3.5m of this £5.0m facility from June 2023 to August 2024 has been approved, with the facility agreement due to be signed later in 2020.

An Operating Revolving Credit Facility of £2.5m was taken out in March 2018 to manage operating working capital requirements. This facility is also available for a period of five years and can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after three months; at the end of the three month period the advance can either be rolled over for another three month period or repaid. As at 31 August 2020, this facility had not been drawn down. An extension of £1.5m of this £2.5m facility from March 2023 to August 2024 has been approved, with the facility agreement due to be signed later in 2020.

21 Creditors - amounts falling due within one year (continued)

i. Deferred income in 2020 includes ticket sales and sponsorship income for exhibitions in the next financial year, including Summer Exhibition 2020, Francis Bacon and Tracey Emin / Edvard Munch and is analysed as follows:

	Brought forward £	Amount added £	Amount released £	Carried forward £
Deferred income 2020	1,659,698	2,055,555	(1,643,899)	**2,071,354**
Deferred income 2019	2,694,768	1,711,445	(2,746,515)	1,659,698

22 Creditors - amounts falling due after more than one year

	Group		Royal Academy	
	2020 £	2019 £	**2020 £**	2019 £
Sundry creditors	**-**	1,333,334	**-**	1,333,334
Bank loan	**821,923**	1,041,523	**821,923**	1,041,523
Unsecured loan	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Total	**10,821,923**	12,374,857	**10,821,923**	12,374,857

Creditors include amounts not wholly repayable within 5 years as follows:

Unsecured loan	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Bank loan repayable by instalments	**-**	163,123	**-**	163,123
Total	**10,000,000**	10,163,123	**10,000,000**	10,163,123

The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £20,657 (2019: £27,820) was charged in the year.

In December 2014, the Royal Academy entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2035 until 2044, and has a fixed rate of interest of 4.21% p.a.. This facility was used to fund exceptional operating costs during the Burlington Project construction phase and the plant upgrade/renewal programme for conditioning the Burlington House galleries. Interest of £421,000 (2019: £421,000) was charged in the year. The Royal Academy remains compliant with its various loan covenants.

23 Analysis of net assets by fund

	Endowment funds	Restricted		Designated funds	Unrestricted		Total
		Burlington Project	Other funds		General funds	Pension reserve	
	£	£	£	£	£	£	£
a. Group							
Investments	806,305	-	-	-	-	-	**806,305**
Heritage assets	-	-	1,392,110	-	-	-	**1,392,110**
Intangible assets	-	-	-	-	630,765	-	**630,765**
Tangible assets	-	1,694,584	-	-	94,760,438	-	**96,455,022**
Current assets	-	5,254,225	2,483,231	701,170	4,426,725	-	**12,865,351**
Current liabilities	-	(68,703)	-	-	(10,519,472)	-	**(10,588,175)**
Long term liabilities	-	-	-	-	(10,821,923)	-	**(10,821,923)**
Pension asset	-	-	-	-	-	6,712,000	**6,712,000**
Total	**806,305**	**6,880,106**	**3,875,341**	**701,170**	**78,476,533**	**6,712,000**	**97,451,455**
b. Royal Academy							
Investments	806,305	-	-	-	108	-	**806,413**
Heritage assets	-	-	1,392,110	-	-	-	**1,392,110**
Intangible assets	-	-	-	-	480,219	-	**480,219**
Tangible assets	-	1,694,584	-	-	94,735,245	-	**96,429,829**
Current assets	-	5,254,225	2,483,231	701,170	4,143,934	-	**12,582,560**
Current liabilities	-	(68,703)	-	-	(10,061,050)	-	**(10,129,753)**
Long term liabilities	-	-	-	-	(10,821,923)	-	**(10,821,923)**
Pension asset	-	-	-	-	-	6,712,000	**6,712,000**
Total	**806,305**	**6,880,106**	**3,875,341**	**701,170**	**78,476,533**	**6,712,000**	**97,451,455**

24 Analysis of endowment funds

Group and Royal Academy		Opening funds	Gift of endow-ment	Investment returns	Re-classification	Closing funds
		£	£	£	£	£
Dunard Scholarship:	a.					-
- Trust for investment		-	625,000	-	-	**625,000**
- Unapplied total return		-	-	25,246	-	**25,246**
Exhibitions fund:	b.					
- Trust for investment		-	-	-	150,000	**150,000**
- Unapplied total return		-	-	6,059	-	**6,059**
Total		**-**	**625,000**	**31,305**	**150,000**	**806,305**

a. Dunard Scholarship: the fund was established in 2020 by a donation of £625,000 from the Dunard Fund, it is held as a permanent endowment and is being accounted for on a total return basis. The purpose of the fund is to endow a student scholarship at the Royal Academy Schools in perpetuity.

b. Exhibitions fund: the fund was established in 2019 by a donation of £150,000 from the Thompson Family Charitable Trust, and reclassified as permanent endowment in 2020, and is being accounted for on a total return basis. The purpose of the fund is to support ongoing exhibition costs from investment returns.

25 Analysis of restricted funds

Group and Royal Academy		Opening funds £	Income £	Expenditure £	Transfers £	Closing funds £
Other funds	a.	311,612	2,060,463	(1,883,895)	27,160	**515,340**
7 Pembroke Studios	b.	-	2,159,884	(191,993)	-	**1,967,891**
Heritage assets		1,142,110	250,000	-	-	**1,392,110**
Burlington Project	c.	4,296,354	5,556,818	-	(2,973,066)	**6,880,106**
Total		**5,750,076**	**10,027,165**	**(2,075,888)**	**(2,945,906)**	**10,755,447**

a. Other funds include donations of £878,462 (2019: £837,456) received from the Royal Academy Trust, other donations of £1,092,954 (2019: £2,450,608) and grants of £89,047 (2019: £812,299) received for specific and general activities as disclosed in notes 5 and 6 respectively. The closing balance relates to the following restricted funds:

The Royal Academy architecture awards £229,142 (2019: £233,579): established in 2018 from a donation of £60,000; a further donation of £255,000 was received in 2019. The awards take place annually for five years and the monies are being used towards the management and running costs of the Royal Academy architecture awards, including architecture awards week where the winner of the Royal Academy Architecture Prize and the finalists for the Royal Academy Dorfman Award come to London from around the world to partake in a week of events and activities and receive their prizes. £10,000 of the money is given to the winner of the Royal Academy Dorfman Award each year.

Young Artists' Summer Show £74,821 (2019: £29,582): established in 2018 from a donation of $67,620 (£51,516), with further donations of £90,187 in 2019 and £97,390 in 2020. Inspired by the Summer Exhibition, the Young Artists' Summer Show brings together work by primary and secondary-level students from across the UK and beyond in an annual exhibition.

Artist in residence exchange programme £18,353 (2019: £18,803): established in 2018 with a donation of £80,000; a further £27,494 was received in 2019. The funds are being used towards the costs of an artist exchange programme between students of the Royal Academy Schools and the K11 Art Foundation ("KAF") in China.

Swanston bequest £24,564 (2019: £24,564): established in 2014 from a legacy of £60,000. The bequest is being used for curating and publishing costs associated with the *Taddei Tondo.*

Cataloguing project £5,084 (2019: £5,084): established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

Architecture professorship £110,659 (2019: £150,000): established in 2019 from two donations totalling £150,000. The donations will be spent on funding the position of the Professor of Architectural History for four years from 1 September 2019 to 31 August 2023.

Collections conservation project £40,083 (2019: £39,153): established in 2019 from donations totalling £31,551, with a further donation of £12,500 in 2020. The funds are being used for the conservation, digitisation and publication of elements of the Royal Academy archives.

Seelig bequest £12,634 (2019: £nil): established in 2020 from a legacy of £12,634. The fund is being used to support access to artists materials for students of the Royal Academy Schools.

25 Analysis of restricted funds (continued)

b. 7 Pembroke Studios: the fund was established in 2020 from a donation of £2,159,884 ($2,790,720), of which £1,650,000 is to be used for the purchase of 7 Pembroke Studios, an artist's studio in London, with the balance of the fund to be used for the legal and professional fees associated with the purchase and repairs and maintenance of the property for a period of up to 25 years. It was the donor's wish that an artist, who has been using the studios since 2012, should be able to continue to have exclusive, rent free use of the studios for as long as she is actively and regularly using the studios for up to a maximum of 25 years. At the end of said period, the Royal Academy will have full and free use of the studios and have the right to sell the studios and apply the proceeds of the sale towards its general charitable purposes. A total of £191,993 was used in the year being a 10% deposit of £165,000 on exchange of contracts in August 2020, together with legal and professional fees of £26,993, and is included in prepayments (note 20). The purchase of the studios was completed in September 2020.

c. Burlington Project - Phase I was completed in 2018, with all Burlington Project - Phase I restricted and designated funds being transferred to unrestricted funds as specific identifiable assets were brought into service and as such, the restrictions on these funds have been satisfied. The remaining restricted funds are in respect of Phases II and III and other projects, which form part of the overall Burlington Project (see note 30).

26 Analysis of designated funds

Group and Royal Academy	Opening funds £	Income £	Expenditure £	Transfers £	Closing funds £
Total designated	387,870	2,169,567	(1,908,726)	52,459	**701,170**

Council have designated the funds detailed below out of unrestricted funds:

Schools architect fund £82,725 (2019: £88,039): the fund was established in 2018 from a legacy of £88,039 in support of the study and research in art and architecture to the Royal Academy Schools. It is anticipated that this will be spent over a period of five years.

Schools annual travel prize £16,000 (2019: £16,000): a legacy of £20,000 was received in 2018 and designated as an annual travel prize of £2,000 for students of the Royal Academy Schools. The first prize was awarded in 2018, with a further award in 2019. It is anticipated this will be spent over a period of 10 years.

Student support fund £55,636 (2019: £nil): due to the impact of Covid-19, donations totalling £55,636 received in 2020 have been designated towards a support fund for students of the Royal Academy Schools. It is anticipated these funds will be drawn down during 2021.

Future Academy £546,809 (2019: £283,831): unrestricted donations and legacies received in 2019 and 2020 have been designated by Council for expenditure on the Royal Academy Schools (£36,293), the Collection (£14,974), education (£500) and the Presidents Fund (£495,042), which is held for the general purposes of the Royal Academy.

27 Administered funds

The Royal Academy has six funds which have not been consolidated within the financial statements of the Royal Academy, on the basis that while the Royal Academy is administering the funds, it is not the ultimate beneficiary. However, as the funds are administered by the Royal Academy, these have been disclosed separately below for information.

These funds consist of the following:

Frampton Fund
Agnes Ethel MacKay Fund
Jack Goldhill Sculpture Fund
Charles Wollaston Award Fund
Pitchforth Scholarship Fund
Sir John Reeves Ellerman Fund

	2020	2019
	£	£
Income from investments	**46,081**	24,080
Expenditure	**(155,232)**	(87,801)
Net gains / (losses) on investments	**249,703**	(4,557)
Net income / (expenditure)	**140,552**	(68,278)
Total funds brought forward	**4,041,996**	4,110,274
Total funds carried forward	**4,182,548**	4,041,996
Represented by:		
Investments	**3,740,510**	3,717,676
Cash at bank	**105,181**	83,874
Debtors	**351,232**	289,023
Creditors	**(14,375)**	(48,577)
Total funds	**4,182,548**	4,041,996

28 Reconciliation of net income to net cash inflow from operating activities

	2020	2019
	£	£
Net income	**7,571,740**	2,964,715
Heritage assets gifts	**(250,000)**	(448,750)
Amortisation of intangible assets	**578,326**	443,927
Depreciation of tangible assets	**3,547,060**	3,560,994
Current pension service income	**(106,000)**	(168,000)
Pension contributions paid	**(177,000)**	(525,000)
(Increase) / decrease in stock	**(66,316)**	310,168
Decrease in debtors	**573,892**	1,214,271
Decrease in creditors	**(4,310,747)**	(1,824,352)
Interest paid	**500,734**	618,889
Interest received	**(18,006)**	(21,151)
Net gains on fixed asset investments	**(31,305)**	-
Net cash provided by operating activities	**7,812,378**	6,125,711

29 Pension costs

The Royal Academy, together with its subsidiary undertakings, participates in a funded defined benefit pension scheme, operated by the Royal Academy of Arts Pension Scheme (the "Scheme"), providing benefit based on final pensionable salary. The assets of the Scheme are held independently from those of the Royal Academy.

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to the members' final salary at retirement and their length of service up to the date on which the Scheme closed to future accrual, being 30 September 2016.

The Scheme is a registered scheme under UK legislation and was not contracted out of the State Sector Pension prior to the cessation of contracting out from 6 April 2016.

The Scheme is subject to the scheme funding requirements outlined in UK legislation.

The Scheme was established from 3 January 1985 under trust and is governed by the Scheme's definitive trust deed and rules dated 31 March 1998. The trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy.

A full actuarial valuation of the Scheme was carried out as at 31 August 2019 and has been updated to 31 August 2020 by a qualified independent actuary. The next full actuarial valuation of the Scheme will be as at 31 August 2022.

The value of the liabilities at the reporting date have been estimated by updating the results of the actuarial valuation as at 31 August 2019 to allow for the passage of time, actual inflation experience, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31 August 2019 to 31 August 2020.

Since June 2006 the Scheme has been closed to new members and closed to future accrual on 30 September 2016.

The major assumptions used by the actuary were (in nominal terms) as follows:	**2020**	2019
Discount rate	**1.5%**	1.8%
Inflation assumption (RPI)	**2.9%**	3.2%
Inflation assumption (CPI)	**2.0%**	2.2%
Rate of increase in salaries	**2.9%**	3.2%
Pension increases for service accrued:		
Pre 6 April 1997	**2.3%**	2.4%
6 April 1997 to 30 September 2006	**2.8%**	3.1%
Post 30 September 2006	**2.0%**	2.1%
Assumed life expectancies on retirement at age 60 are:		
Retiring in 2020 - Males	**26.8**	27.4
Retiring in 2020 - Females	**29.3**	29.4
Retiring in 2040 - Males	**28.3**	28.9
Retiring in 2040 - Females	**30.8**	30.9

The assumptions used in determining the overall expected return of the Scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins.

29 Pension costs (continued)

The assets in the Scheme were:	**2020**	2019
	£	£
Equities or equivalent	**12,528,000**	29,942,000
Corporate bonds	**27,864,000**	6,115,000
Cash	**1,995,000**	3,464,000
LDI funds	**9,393,000**	11,281,000
Fair value of Scheme assets	**51,780,000**	50,802,000
Present value of funded obligations	**(45,068,000)**	(45,004,000)
Surplus in funded Scheme	**6,712,000**	5,798,000
Net asset in balance sheet	**6,712,000**	5,798,000

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	**2020**	2019
	£	£
Benefit obligation at beginning of year	**45,004,000**	37,112,000
Interest cost	**804,000**	991,000
Actuarial (gains) / losses	**(84,000)**	7,694,000
Benefits paid	**(656,000)**	(793,000)
Benefit obligation at end of year	**45,068,000**	45,004,000

Reconciliation of opening and closing balances of the fair value of Scheme assets:	**2020**	2019
	£	£
Fair value of Scheme assets at beginning of year	**50,802,000**	43,060,000
Interest income on Scheme assets	**910,000**	1,159,000
Return on assets, excluding interest income	**547,000**	6,851,000
Contributions by employer	**177,000**	525,000
Benefits paid	**(656,000)**	(793,000)
Fair value of Scheme assets at end of year	**51,780,000**	50,802,000

The amounts recognised in the SOFA:	**2020**	2019
	£	£
Net interest on the defined benefit pension scheme asset	**(106,000)**	(168,000)
Total income	**(106,000)**	(168,000)

Remeasurement of the defined benefit pension scheme asset:	**2020**	2019
	£	£
Actuarial (gains) / losses on the liabilities	**(84,000)**	7,694,000
Return on assets, excluding interest income	**(547,000)**	(6,851,000)
Total remeasurement of the defined benefit pension scheme asset	**(631,000)**	843,000

30 Authorised and contracted capital expenditure

a. Group

	Total project cost £	Assets in service £	Assets in course of construction £	Contracted for £	Unauthorised £
Minor projects	2,409,578	2,138,963	270,615	-	-
Burlington Project - Phase II	17,000,000	-	1,208,386	-	15,791,614
Burlington Project - Phase III	5,000,000	-	486,198	-	4,513,802
Other Burlington Projects:					
Façade and entrance hall	2,000,000	-	19,767	-	1,980,233
Sackler lift	562,980	-	275,603	287,377	-
Total	**26,972,558**	**2,138,963**	**2,260,569**	**287,377**	**22,285,649**

b. Royal Academy

	Total project cost £	Assets in service £	Assets in course of construction £	Contracted for £	Unauthorised £
Minor projects	2,397,448	2,138,963	258,485	-	-
Burlington Project - Phase II	17,000,000	-	1,208,386	-	15,791,614
Burlington Project - Phase III	5,000,000	-	486,198	-	4,513,802
Other Burlington Projects:					
Façade and entrance hall	2,000,000	-	19,767	-	1,980,233
Sackler lift	562,980	-	275,603	287,377	-
Total	**26,960,428**	**2,138,963**	**2,248,439**	**287,377**	**22,285,649**

Burlington Project - Phase II, which is the redevelopment of the Royal Academy Schools, is currently going into the final stages of design. A £17.0m budget was approved by Council in July 2020 but further expenditure has not been authorised pending further design work and capital fundraising.

Burlington Project - Phase III, which is the redevelopment of the Collection Gallery, is currently at an early design stage. Total costs are estimated at £5.0m and this has been fully fundraised for and is held in the Royal Academy Trust until required by the Royal Academy. £0.5m was donated by the Royal Academy Trust in 2018, with a further £0.5m in 2019 in respect of costs incurred to date with the balance being held in cash at bank. The remaining £4.0m is being held and invested by the Royal Academy Trust until required by the Royal Academy.

The façade and entrance hall project is in respect of the restoration and refurbishment of elements of the Burlington House entrance hall including the stairs and the cleaning of the Burlington House façade. This project is at a preliminary design stage but £2.0m has been fundraised towards the cost of this and is included in cash at bank less project costs incurred to date.

The Sackler lift project is for a major modernisation of the lift, including the replacement of all electrical components, the hydraulic cylinder and door gear, and the refurbishment of the lift cart. The project is being funded by a donor, who wishes to remain anonymous, who has pledged £0.5m of which £0.25m has been received to 31 August 2020.

31 Contingent liabilities

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2020 (2019: none).

32 Financial commitments

a. Group

At 31 August total commitments under operating leases were as follows:

	Land and buildings £	**Other £**	**2020 Total £**	Land and buildings £	Other £	2019 Total £
Under one year	**19,649**	**432,618**	**452,267**	40,520	436,132	476,652
Two to five years	**-**	**1,175,822**	**1,175,822**	19,649	1,280,293	1,299,942
Over five years	**-**	**-**	**-**	-	174,247	174,247
Total	**19,649**	**1,608,441**	**1,628,090**	60,169	1,890,671	1,950,840

b. Royal Academy

At 31 August total commitments under operating leases were as follows:

	Land and buildings £	**Other £**	**2020 Total £**	Land and buildings £	Other £	2019 Total £
Under one year	**19,649**	**398,568**	**418,217**	40,520	381,934	422,454
Two to five years	**-**	**1,134,907**	**1,134,907**	19,649	1,203,204	1,222,853
Over five years	**-**	**-**	**-**	-	174,247	174,247
Total	**19,649**	**1,533,475**	**1,553,124**	60,169	1,759,384	1,819,553

33 Financial instruments

The financial statements include the following financial instruments at 31 August:

	Group		**Royal Academy**	
	2020 £	2019 £	**2020 £**	2019 £
Financial assets measured at amortised cost	**2,080,704**	1,948,084	**3,121,019**	2,333,595
Financial liabilities measured at amortised cost	**18,977,963**	23,351,598	**19,056,770**	22,763,713
Financial assets measured at fair value	**806,305**	-	**806,305**	-

34 Related party transactions

Those in positions of authority within the Group, including trustees, Council members and directors, use facilities of the Group on the same terms as other Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, Summer Exhibition, and auctions, and also the use of catering facilities. For the year ended 31 August 2020, all transactions with related parties are considered within the scope of normal transactions.

Income of £940,258 (2019: £763,939) was received from R.A. Enterprises Limited, being a distribution of 100% of their net income for the year. In addition, R.A. Enterprises Limited was recharged salaries of £2,282,250 (2019: £2,271,846) and other expenses of £56,230 (2019: £123,713). At the year end, £1,425,048 (2019: £1,093,380) was owed and included within the Royal Academy's debtors.

Income of £14,617 (2019: £314,184) was received from Burlington House Limited, being a distribution of 100% of their net income for the year. In addition, Burlington House Limited recharged expenses of £8,413 (2019: £2,708). At the year end, £296,116 (2019: £159,601) was outstanding and included within the Royal Academy's creditors.

Income of £1,730,201 (2019: £2,200,672) was received from RA (Arts) Limited, being a distribution of 100% of their net income for the year. In addition, RA (Arts) Limited was recharged salaries of £112,100 (2019: £111,990) and recharged to the Royal Academy expenses of £143,357 (2019: £28,255). At the year end, £254,246 (2019: £90,358) was owed and included within the Royal Academy's debtors.

Income of £11,527,070 (2019: £11,571,381) was received from The Friends of the Royal Academy, being a donation of 100% of their net income for the year. In addition, The Friends of the Royal Academy reimbursed salary and other expenses recharged of £505,845 (2019: £619,874). At the year end, £41,343 (2019: £109,097 creditor) was owed and included within debtors.

In order to optimise cash management efficiency, the sterling current accounts of the Royal Academy, its subsidiary undertakings and The Friends of the Royal Academy are pooled, such that overnight all cleared debit and credit balances on the current accounts of these entities are set off into a single Royal Academy account. The debtor and creditor balances between each of the entities in this pooling group at the year end in part reflects this pooling arrangement.

During the year, the Royal Academy received income of £2,383,462 (2019: £1,937,456) from the Royal Academy Trust with donations of £1,505,000 towards Burlington Project - Phase I (2019: £600,000); £nil towards Burlington Project - Phase III (2019: £500,000); and £878,462 (2019: £837,456) further donations to support various campaigns and projects undertaken. Donations of £16,828 to the Royal Academy Trust (2019: £18,666) relates to unspent funds from the cataloguing project. At the year end, £391,915 (2019: £45,735 creditor) was owed and included within the Royal Academy's debtors.

The trustees donated a total of £9,500 (2019: £5,000) to the Royal Academy during the year. Of these amounts, £9,500 (2019: £nil) was donated towards the Coronavirus Emergency Support Fund and £nil (2019: £5,000) was donated towards the RA Schools.