

**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 MacFadyen 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  
Professor Cathie Pilkington RA  
Prof Peter St John (Adam Caruso and Peter St John RA)  
Axel Rüger

President  
Keeper  
Treasurer  
Secretary and Chief Executive

**Company Secretary**

Benedict Anstey

General Counsel

**Senior Leadership Team**

Charlotte Appleyard  
Eliza Bonham Carter  
Carl Hitchcock  
Rebecca Lyons  
Natasha Mitchell  
Jo Prosser  
Andrea Tarsia

Director of Development & Business Innovation  
Curator and Director, RA Schools  
Director of Finance  
Director of Collections & Learning  
Director of Corporate Services  
Director of Audience & Experience  
Director of Exhibitions

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**Royal Academy Committees**  
at the date of signing<sup>1</sup>:

<b>Finance and Performance Committee</b>	<b>Exhibitions and Displays Committee</b>
Treasurer <i>ex officio</i> (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 <i>ex officio</i>
	Treasurer <i>ex officio</i>
	Keeper <i>ex officio</i>
	Secretary and Chief Executive
Secretary to the Committee: Carl Hitchcock (Director of Finance)	Secretary to the Committee: Andrea Tarsia (Director of Exhibitions)
<b>Audit and Risk Committee</b>	<b>People and Remuneration Committee</b>
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)
<b>RA Schools Committee</b>	
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, 6<sup>th</sup> Floor, 9 Appold Street, London. EC2A 2AP

**Bankers:**

Lloyds Bank Plc, 4<sup>th</sup> 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

<sup>1</sup> 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 18<sup>th</sup> 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 draughtsmen 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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**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](https://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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

- 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.



**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**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 Levet 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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 18<sup>th</sup> 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 Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 16<sup>th</sup> and 17<sup>th</sup> 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 31<sup>st</sup> 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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 Leveté 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 70<sup>th</sup> birthday in 2020, this free exhibition focused on McFadyen's London paintings, encompassing large-scale urban vistas and recent figure paintings.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**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, Sandycroft 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.



**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 Fondation 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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 as 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 tCO<sub>2</sub>e (2021: 1,720.48 tCO<sub>2</sub>e). 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 tCO<sub>2</sub>e (2021: 891.45 tCO<sub>2</sub>e). 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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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

# **The Royal Academy of Arts**

## **Trustees' Report**

### **For the year ended 31 August 2022**

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 Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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)



**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

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 strategies 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.

**The Royal Academy of Arts**  
**Trustees' Report**  
**For the year ended 31 August 2022**

**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**

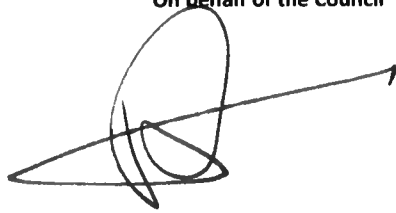
So far as each of the trustees at the time the trustees' report is approved is aware:

- 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.

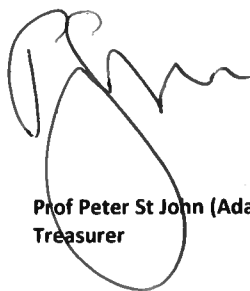
**AUDITORS**

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:** 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.

## **Independent Auditors' Report to the Trustees of The Royal Academy of Arts**

### **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.

## **Independent Auditors' Report to the Trustees of The Royal Academy of Arts**

### **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.

## **Independent Auditors' Report to the Trustees of The Royal Academy of Arts**

### **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.

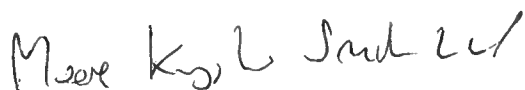
### **Our approach was as follows:**

- 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.



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

6<sup>th</sup> 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				Burlington Project	Total 2022 £	Total 2021 £
	Unrestricted	Designated	Restricted	Endowment	Restricted		
	funds 2022 £	funds 2022 £	funds 2022 £	funds 2022 £	funds 2022 £		
<b>Income from:</b>							
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
<b>Total income</b>	<b>34,576,763</b>	<b>517,927</b>	<b>3,147,059</b>	<b>-</b>	<b>5,141,811</b>	<b>43,383,560</b>	<b>36,728,751</b>
<b>Expenditure on:</b>							
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)
<b>Total expenditure</b>	<b>(30,091,141)</b>	<b>(504,986)</b>	<b>(2,418,781)</b>	<b>-</b>	<b>(169,044)</b>	<b>(33,183,952)</b>	<b>(30,810,113)</b>
Net (losses) / gains on investments	19 -	(42,789)	(21,880)	(63,363)	-	(128,032)	138,784
<b>Net income / (expenditure)</b>	<b>11 4,485,622</b>	<b>(29,848)</b>	<b>706,398</b>	<b>(63,363)</b>	<b>4,972,767</b>	<b>10,071,576</b>	<b>6,057,422</b>
Transfers between funds	24-26 1,622,428	-	(142,876)	(33,005)	(1,446,547)	-	-
<b>Other gains / (losses)</b>							
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
<b>Net movement in funds</b>	<b>4,050,904</b>	<b>(29,848)</b>	<b>563,522</b>	<b>(96,368)</b>	<b>3,526,220</b>	<b>8,014,430</b>	<b>8,115,807</b>
Total funds brought forward	88,690,264	672,362	3,471,941	888,478	11,765,819	105,488,864	97,373,057
<b>Total funds carried forward</b>	<b>92,741,168</b>	<b>642,514</b>	<b>4,035,463</b>	<b>792,110</b>	<b>15,292,039</b>	<b>113,503,294</b>	<b>105,488,864</b>

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 2022**

		Group		Royal Academy	
		2022	2021	2022	2021
	Note	£	£	£	£
<b>Fixed assets</b>					
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
<b>Total fixed assets</b>		<b>99,725,781</b>	<b>99,685,387</b>	<b>99,703,846</b>	<b>99,635,340</b>
<b>Current assets</b>					
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
<b>Total current assets</b>		<b>22,788,293</b>	<b>16,823,419</b>	<b>21,996,726</b>	<b>17,153,286</b>
Creditors - amounts falling due within one year	21	(5,072,057)	(9,151,619)	(4,222,534)	(8,592,863)
<b>Net current assets</b>		<b>17,716,236</b>	<b>7,671,800</b>	<b>17,774,192</b>	<b>8,560,423</b>
<b>Total assets less current assets</b>		<b>117,442,017</b>	<b>107,357,187</b>	<b>117,478,038</b>	<b>108,195,763</b>
Creditors - amounts falling due after more than one year	22	(10,382,723)	(10,602,323)	(10,382,723)	(10,602,323)
<b>Net assets excluding pension scheme asset</b>		<b>107,059,294</b>	<b>96,754,864</b>	<b>107,095,315</b>	<b>97,593,440</b>
Defined benefit pension scheme asset	29	6,444,000	8,734,000	6,444,000	8,734,000
<b>Total net assets</b>		<b>113,503,294</b>	<b>105,488,864</b>	<b>113,539,315</b>	<b>106,327,440</b>
<b>The funds of the charity:</b>					
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
<b>Total unrestricted funds</b>		<b>93,383,682</b>	<b>89,362,626</b>	<b>93,419,703</b>	<b>90,201,202</b>
<b>Total charity funds</b>		<b>113,503,294</b>	<b>105,488,864</b>	<b>113,539,315</b>	<b>106,327,440</b>

Approved and authorised for issue by the President and Council of The Royal Academy of Arts on 6th Dec 2022

.....  
Rebecca Salter PRA President

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

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

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**2 Summary of significant accounting policies (continued)**

**i. 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.i.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.



**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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	Designated	Restricted	Restricted	Total
		funds	funds	funds	funds	2021
		2021	2021	2021	2021	2021
		£	£	£	£	£
<b>Income from:</b>						
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
<b>Total income</b>		<b>24,395,680</b>	<b>2,322,037</b>	<b>2,105,300</b>	<b>7,905,734</b>	<b>36,728,751</b>
<b>Expenditure on:</b>						
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)
<b>Total expenditure</b>		<b>(25,701,964)</b>	<b>(2,350,845)</b>	<b>(2,757,304)</b>	<b>-</b>	<b>(30,810,113)</b>
Net gains on investments		-	-	19,591	119,193	138,784
<b>Net income / (expenditure)</b>	<b>11</b>	<b>(1,306,284)</b>	<b>(28,808)</b>	<b>(632,413)</b>	<b>7,905,734</b>	<b>6,057,422</b>
Transfers between funds	24-26	2,828,028	-	229,013	(37,020)	(3,020,021)
<b>Other gains</b>						
Tax credit	15	137,385	-	-	-	137,385
Remeasurement of defined benefit pension scheme asset	29	1,921,000	-	-	-	1,921,000
<b>Net movement in funds</b>		<b>3,580,129</b>	<b>(28,808)</b>	<b>(403,400)</b>	<b>4,885,713</b>	<b>8,115,807</b>
Total funds brought forward		85,110,135	701,170	3,875,341	806,305	97,373,057
<b>Total funds carried forward</b>		<b>88,690,264</b>	<b>672,362</b>	<b>3,471,941</b>	<b>11,765,819</b>	<b>105,488,864</b>

\* RAT denotes Royal Academy Trust

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**5 Income from other donations**

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
<b>2022</b>					
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
<b>Total</b>	<b>1,654,680</b>	<b>459,960</b>	<b>6,876,055</b>	<b>-</b>	<b>8,990,695</b>
<b>2021</b>					
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
<b>Total</b>	<b>1,048,918</b>	<b>1,626,023</b>	<b>6,859,453</b>	<b>-</b>	<b>9,534,394</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. 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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**6 Income from grant income**

	Unrestricted funds £	Restricted funds £	Total £
<b>2022</b>			
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
	<hr/>	<hr/>	<hr/>
Total	89,946	996,926	1,086,872
	<hr/>	<hr/>	<hr/>
<b>2021</b>			
Coronavirus Job Retention Scheme	2,546,202	-	2,546,202
Schools	28,480	14,583	43,063
Education	-	167,500	167,500
	<hr/>	<hr/>	<hr/>
Total	2,574,682	182,083	2,756,765
	<hr/>	<hr/>	<hr/>

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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

<b>Profit and Loss:</b>	<b>Total</b>	<b>R.A. Enterprises Limited</b>		<b>RA (Arts) Limited</b>		<b>Burlington House Limited</b>	
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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)
<b>Total assets less total liabilities *</b>	<b>(35,913)</b>	<b>(36,017)</b>	<b>(825,547)</b>	<b>4</b>	<b>4</b>	<b>100</b>	<b>(12,925)</b>

**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 profitably and has returned to a net assets position.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**8 Support costs**

<b>2022</b>	<b>Finance £</b>	<b>IT £</b>	<b>Personnel £</b>	<b>Facilities £</b>	<b>Governance £</b>	<b>Total £</b>
Exhibitions	1,068,297	600,917	199,136	1,802,965	260,352	<b>3,931,667</b>
Schools	224,904	126,509	41,923	379,571	54,811	<b>827,718</b>
Collections	182,735	102,789	34,063	308,402	44,534	<b>672,523</b>
Education	196,791	110,696	36,683	332,125	47,960	<b>724,255</b>
Publicity (note 10)	435,752	245,112	81,226	735,420	106,196	<b>1,603,706</b>
Fundraising (note 9)	337,357	189,764	62,885	569,357	82,216	<b>1,241,579</b>
<b>2022 total</b>	<b>2,445,836</b>	<b>1,375,787</b>	<b>455,916</b>	<b>4,127,840</b>	<b>596,069</b>	<b>9,001,448</b>

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).

<b>2021</b>	<b>Finance £</b>	<b>IT £</b>	<b>Personnel £</b>	<b>Facilities £</b>	<b>Governance £</b>	<b>Total £</b>
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
<b>2021 total</b>	<b>2,486,233</b>	<b>1,390,920</b>	<b>668,213</b>	<b>3,880,363</b>	<b>548,189</b>	<b>8,973,918</b>

**9 Fundraising**

	<b>2022 £</b>	<b>2021 £</b>
Direct fundraising costs	<b>1,521,278</b>	1,680,026
Support costs (note 8)	<b>1,241,579</b>	1,361,211
<b>Total</b>	<b>2,762,857</b>	<b>3,041,237</b>

**10 Charitable activities**

<b>2022</b>	<b>Direct costs £</b>	<b>Support costs £</b>	<b>Publicity costs (i) £</b>	<b>Total £</b>
Exhibitions	10,216,891	3,931,667	4,054,085	<b>18,202,643</b>
Schools	1,173,054	827,718	11,120	<b>2,011,892</b>
Collections	991,891	672,523	7,841	<b>1,672,255</b>
Education	878,144	724,255	84,851	<b>1,687,250</b>
<b>Total</b>	<b>13,259,980</b>	<b>6,156,163</b>	<b>4,157,897</b>	<b>23,574,040</b>
		(note 8)		



**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**10 Charitable activities (continued)**

<b>2021</b>	<b>Direct costs £</b>	<b>Support costs £</b>	<b>Publicity costs (i) £</b>	<b>Total £</b>
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
<b>Total</b>	<b>11,898,393</b>	<b>6,049,833</b>	<b>3,855,161</b>	<b>21,803,387</b>

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:

	<b>2022 £</b>	<b>2021 £</b>
Direct publicity costs	<b>2,554,191</b>	2,292,287
Support costs (note 8)	<b>1,603,706</b>	1,562,874
<b>Total</b>	<b>4,157,897</b>	<b>3,855,161</b>

**11 Net income / (expenditure)**

	<b>2022 £</b>	<b>2021 £</b>
This is stated after charging:		
Amortisation	<b>218,730</b>	417,980
Depreciation	<b>3,422,745</b>	3,482,493
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	<b>58,925</b>	51,305
Audit services - defined benefit pension scheme	<b>8,100</b>	8,650
Other services	<b>14,635</b>	11,729
Interest payable and similar charges (see note 8)	<b>438,370</b>	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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**13 Officers' and Council members' remuneration**

	<b>2022</b>	2021
	<b>£</b>	<b>£</b>
Officers' remuneration, excluding pension contributions, is as follows:		
President	<b>67,660</b>	65,340
Keeper	<b>50,000</b>	50,000
Secretary and Chief Executive	<b>191,244</b>	183,689
Treasurer	<b>40,000</b>	40,000
	<hr/>	<hr/>
Total	<b>348,904</b>	339,029
	<hr/>	<hr/>

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:

	<b>2022</b>	2021
	<b>£</b>	<b>£</b>
Travel	<b>1,055</b>	249
Other	<b>1,097</b>	1,721
	<hr/>	<hr/>
Total	<b>2,152</b>	1,970
	<hr/>	<hr/>

Trustee indemnity insurance costs for the year totalled £14,246 (2021: £25,063).

**14 Staff costs**

	<b>2022</b>	2021
	<b>£</b>	<b>£</b>
Salaries and wages	<b>10,775,933</b>	11,165,470
Social security costs	<b>1,030,156</b>	1,116,478
Redundancy and termination payments	<b>12,692</b>	1,515,921
Pension contributions - defined contribution schemes	<b>760,007</b>	823,399
Pension service income - defined benefit scheme	<b>(140,000)</b>	(101,000)
	<hr/>	<hr/>
Total	<b>12,438,788</b>	14,520,268
	<hr/>	<hr/>

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).

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**14 Staff costs (continued)**

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

Band:	2022 No.	2021 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 No.	2021 No.	2022 No.	2021 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
<b>Total</b>	<b>303</b>	<b>312</b>	<b>269</b>	<b>284</b>

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
<b>Total</b>	<b>372,854</b>	<b>137,385</b>

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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 Fiorentino 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 16<sup>th</sup> 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](http://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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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](http://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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**16 Heritage assets (continued)**

**Analysis of heritage assets (Group and Royal Academy)**

		<b>Works of art</b>			
	<b>2022</b>	2021	2020	2018	2017
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Carrying amount at 1 September	<b>1,392,110</b>	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	<b>1,392,110</b>	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.

<b>a. Group</b>	<b>Software £</b>
<b>Cost</b>	
At 31 August 2021 and 31 August 2022	<u>2,572,223</u>
<b>Amortisation</b>	
At 31 August 2021	2,259,786
Charge for the year	<u>218,730</u>
At 31 August 2022	<u>2,478,516</u>
<b>Net book value</b>	
At 31 August 2022	<u>93,707</u>
At 31 August 2021	<u>312,437</u>
<b>b. Royal Academy</b>	<b>Software £</b>
<b>Cost</b>	
At 31 August 2021 and 31 August 2022	<u>1,948,495</u>
<b>Amortisation</b>	
At 31 August 2021	1,664,489
Charge for the year	<u>193,356</u>
At 31 August 2022	<u>1,857,845</u>
<b>Net book value</b>	
At 31 August 2022	<u>90,650</u>
At 31 August 2021	<u>284,006</u>

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**18 Tangible fixed assets**

<b>a. Group</b>	<b>Building improvements £</b>	<b>Assets in course of construction £</b>	<b>Motor vehicles £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 31 August 2021	23,669,638	3,806,540	58,629	24,081,195	<b>51,616,002</b>
Additions	479,134	3,154,234	-	178,041	<b>3,811,409</b>
Reclassifications	503,680	(503,680)	-	-	-
Transfers to 6 Burlington Gardens	-	(1,446,547)	-	-	<b>(1,446,547)</b>
Disposals	-	-	-	(258,439)	<b>(258,439)</b>
At 31 August 2022	<b>24,652,452</b>	<b>5,010,546</b>	<b>58,629</b>	<b>24,000,797</b>	<b>53,722,425</b>
<b>Depreciation</b>					
At 31 August 2021	8,259,656	-	58,629	13,543,829	<b>21,862,114</b>
Disposals	-	-	-	(258,439)	<b>(258,439)</b>
Charge for the year	1,290,849	-	-	2,131,896	<b>3,422,745</b>
At 31 August 2022	<b>9,550,505</b>	<b>-</b>	<b>58,629</b>	<b>15,417,286</b>	<b>25,026,420</b>
<b>Net book value</b>					
At 31 August 2022	<b>15,101,947</b>	<b>5,010,546</b>	<b>-</b>	<b>8,583,511</b>	<b>28,696,005</b>
At 31 August 2021	<b>15,409,982</b>	<b>3,806,540</b>	<b>-</b>	<b>10,537,366</b>	<b>29,753,888</b>
<b>b. Royal Academy</b>					
	<b>Building improvements £</b>	<b>Assets in course of construction £</b>	<b>Motor vehicles £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 31 August 2021	23,407,236	3,794,411	36,944	23,651,563	<b>50,890,154</b>
Additions	479,134	3,154,234	-	178,041	<b>3,811,409</b>
Reclassifications	503,680	(503,680)	-	-	-
Transfers to 6 Burlington Gardens	-	(1,446,547)	-	-	<b>(1,446,547)</b>
Disposals	-	-	-	(258,439)	<b>(258,439)</b>
At 31 August 2022	<b>24,390,050</b>	<b>4,998,418</b>	<b>36,944</b>	<b>23,571,165</b>	<b>52,996,577</b>
<b>Depreciation</b>					
At 31 August 2021	7,997,254	-	36,944	13,123,792	<b>21,157,990</b>
Disposals	-	-	-	(258,439)	<b>(258,439)</b>
Charge for the year	1,290,849	-	-	2,129,159	<b>3,420,008</b>
At 31 August 2022	<b>9,288,103</b>	<b>-</b>	<b>36,944</b>	<b>14,994,512</b>	<b>24,319,559</b>
<b>Net book value</b>					
At 31 August 2022	<b>15,101,947</b>	<b>4,998,418</b>	<b>-</b>	<b>8,576,653</b>	<b>28,677,018</b>
At 31 August 2021	<b>15,409,982</b>	<b>3,794,411</b>	<b>-</b>	<b>10,527,771</b>	<b>29,732,164</b>

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**c. 6 Burlington Gardens (Freehold property)**

<b>Group and Royal Academy</b>	<b>6 Burlington Gardens £</b>
<b>Cost</b>	
At 31 August 2021	65,201,863
Capital Goods Scheme adjustments	(1,508)
Transfers from assets in course of construction	1,446,547
	<hr/>
At 31 August 2022	<b>66,646,902</b>

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.

<b>Group and Royal Academy</b>	<b>7 Pembroke Studios £</b>
<b>Fair value</b>	
At 31 August 2021	1,155,000
Additions (at cost)	8,173
Diminution in value due to restriction in use	(8,173)
	<hr/>
At 31 August 2022	<b>1,155,000</b>

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.



**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**19 Other investments**

	Group	2021	Royal Academy	2021
	2022	£	2022	£
Investments at market value	1,742,057	1,870,089	1,742,057	1,870,089
Investments in subsidiaries at cost	-	-	108	108
<b>Total</b>	<b>1,742,057</b>	<b>1,870,089</b>	<b>1,742,165</b>	<b>1,870,197</b>

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.

<b>Movement in market value of investments:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Market value of investments at 1 September	1,870,089	806,305
Additions	-	925,000
Unrealised (losses) / gains	(128,032)	138,784
<b>Market value of investments at 31 August</b>	<b>1,742,057</b>	<b>1,870,089</b>

<b>Market value of investments by type:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
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
<b>Total market value of investments</b>	<b>1,742,057</b>	<b>1,870,089</b>

(Historic cost of investments £1,700,000 (2021: £1,700,000))

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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**20 Debtors**

	<b>Group</b>		<b>Royal Academy</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>1,343,757</b>	434,597	<b>729,049</b>	259,712
Royal Academy related entities	-	-	<b>1,363,239</b>	1,812,132
Royal Academy Trust	<b>69</b>	407,388	<b>39,195</b>	435,941
Taxation	<b>497,186</b>	582,734	<b>497,186</b>	582,734
Staff loans	<b>6,977</b>	6,718	<b>6,977</b>	6,718
Sundry debtors	<b>1,245,389</b>	532,924	<b>1,040,184</b>	328,927
Prepayments and accrued income	<b>1,214,697</b>	901,373	<b>1,016,292</b>	764,413
<b>Total</b>	<b>4,308,075</b>	2,865,734	<b>4,692,122</b>	4,190,577

**21 Creditors - amounts falling due within one year**

	<b>Group</b>		<b>Royal Academy</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	<b>219,600</b>	219,600	<b>219,600</b>	219,600
Revolving credit facilities	-	3,700,000	-	3,700,000
Trade creditors	<b>729,631</b>	1,040,343	<b>498,809</b>	863,549
Royal Academy related entities	-	-	<b>4,009</b>	308,984
The Friends of the Royal Academy	<b>246,433</b>	81,635	<b>246,433</b>	81,635
Taxation and social security	<b>577,231</b>	403,667	<b>425,051</b>	275,215
Sundry creditors	<b>276,446</b>	120,309	<b>276,597</b>	118,721
Accruals	<b>1,605,446</b>	1,477,519	<b>1,395,351</b>	1,351,383
Deferred income (i)	<b>1,417,270</b>	2,108,546	<b>1,156,684</b>	1,673,776
<b>Total</b>	<b>5,072,057</b>	9,151,619	<b>4,222,534</b>	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).

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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)	<b>1,417,270</b>
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 2022 £	2021 £	Royal Academy 2022 £	2021 £
Bank loan	<b>382,723</b>	602,323	<b>382,723</b>	602,323
Unsecured loan	<b>10,000,000</b>	10,000,000	<b>10,000,000</b>	10,000,000
Total	<b>10,382,723</b>	10,602,323	<b>10,382,723</b>	10,602,323

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

Unsecured loan	<b>10,000,000</b>	10,000,000	<b>10,000,000</b>	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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**23 Analysis of net assets by fund**

	Endowment funds	Restricted		Designated funds	Unrestricted		Total
		Burlington Project	Other funds		General funds	Pension reserve	
	£	£	£	£	£	£	£
<b>a. Group</b>							
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
<b>Total</b>	<b>792,110</b>	<b>15,292,039</b>	<b>4,035,463</b>	<b>642,514</b>	<b>86,297,168</b>	<b>6,444,000</b>	<b>113,503,294</b>
<b>b. Royal Academy</b>							
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
<b>Total</b>	<b>792,110</b>	<b>15,292,039</b>	<b>4,035,463</b>	<b>642,514</b>	<b>86,333,189</b>	<b>6,444,000</b>	<b>113,539,315</b>

**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
<b>Total</b>		<b>888,478</b>	<b>(63,363)</b>	<b>(33,005)</b>	<b>792,110</b>

- 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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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
<b>Total</b>		<b>15,237,760</b>	<b>8,266,990</b>	<b>(2,579,652)</b>	<b>33,005</b>	<b>(8,173)</b>	<b>(1,622,428)</b>	<b>19,327,502</b>

- 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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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 further 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)	<b>642,514</b>

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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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	<u>(484,154)</u>	<u>831,397</u>
<b>Net (loss) / income</b>	<b>(650,206)</b>	<b>789,695</b>
Total funds brought forward	<u>4,972,243</u>	<u>4,182,548</u>
<b>Total funds carried forward</b>	<b><u>4,322,037</u></b>	<b><u>4,972,243</u></b>
<b>Represented by:</b>		
Investments	4,014,322	4,554,914
Cash at bank	153,412	132,874
Debtors	180,187	307,649
Creditors	<u>(25,884)</u>	<u>(23,194)</u>
Total funds	<u>4,322,037</u>	<u>4,972,243</u>

**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	<u>128,032</u>	<u>(138,784)</u>
Net cash provided by operating activities	<u>12,379,784</u>	<u>10,648,851</u>

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.

<b>The major assumptions used by the actuary were (in nominal terms) as follows:</b>	<b>2022</b>	<b>2021</b>
Discount rate	<b>4.2%</b>	1.6%
Inflation assumption (RPI)	<b>3.5%</b>	3.3%
Inflation assumption (CPI)	<b>2.7%</b>	2.4%
Rate of increase in salaries	<b>3.5%</b>	3.3%
Pension increases for service accrued:		
Pre 6 April 1997	<b>2.5%</b>	2.4%
6 April 1997 to 30 September 2006	<b>3.3%</b>	3.2%
Post 30 September 2006	<b>2.2%</b>	2.1%

Assumed life expectancies on retirement at age 60 are:

Retiring in 2022 - Males	<b>26.3</b>	26.7
Retiring in 2022 - Females	<b>29.0</b>	29.3
Retiring in 2042 - Males	<b>27.8</b>	28.2
Retiring in 2042 - Females	<b>30.4</b>	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.



**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**29 Pension costs (continued)**

<b>The assets in the Scheme were:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Equities or equivalent	<b>10,779,000</b>	14,373,000
Corporate bonds	<b>18,970,000</b>	25,183,000
Cash	<b>479,000</b>	844,000
LDI funds	<b>7,801,000</b>	13,356,000
Fair value of Scheme assets	<b>38,029,000</b>	53,756,000
Present value of funded obligations	<b>(31,585,000)</b>	(45,068,000)
Surplus in funded Scheme	<b>6,444,000</b>	8,734,000
Net asset in balance sheet	<b>6,444,000</b>	8,734,000
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Benefit obligation at beginning of year	<b>45,022,000</b>	45,068,000
Interest cost	<b>712,000</b>	665,000
Actuarial (gains) / losses	<b>(13,146,000)</b>	827,000
Benefits paid	<b>(1,003,000)</b>	(1,538,000)
Benefit obligation at end of year	<b>31,585,000</b>	45,022,000
<b>Reconciliation of opening and closing balances of the fair value of Scheme assets:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Fair value of Scheme assets at beginning of year	<b>53,756,000</b>	51,780,000
Interest income on Scheme assets	<b>852,000</b>	766,000
Return on assets, excluding interest income	<b>(15,576,000)</b>	2,748,000
Benefits paid	<b>(1,003,000)</b>	(1,538,000)
Fair value of Scheme assets at end of year	<b>38,029,000</b>	53,756,000
<b>The amounts recognised in the SOFA:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Net interest on the defined benefit pension scheme asset	<b>(140,000)</b>	(101,000)
Total income	<b>(140,000)</b>	(101,000)
<b>Remeasurement of the defined benefit pension scheme asset:</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Actuarial (gains) / losses on the liabilities	<b>(13,146,000)</b>	827,000
Return on assets, excluding interest income	<b>15,576,000</b>	(2,748,000)
Total remeasurement of the defined benefit pension scheme asset	<b>2,430,000</b>	(1,921,000)

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**30 Authorised and contracted capital expenditure**

**a. Group**

	<b>Total project cost</b>	<b>Costs expensed to the SOFA</b>	<b>Assets in service</b>	<b>Assets in course of construction</b>	<b>Authorised but not contracted for</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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
<b>Total</b>	<b>23,890,799</b>	<b>169,044</b>	<b>1,446,547</b>	<b>5,010,546</b>	<b>17,264,662</b>

**b. Royal Academy**

	<b>Total project cost</b>	<b>Costs expensed to the SOFA</b>	<b>Assets in service</b>	<b>Assets in course of construction</b>	<b>Authorised but not contracted for</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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
<b>Total</b>	<b>23,878,672</b>	<b>169,044</b>	<b>1,446,547</b>	<b>4,998,419</b>	<b>17,264,662</b>

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.

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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	-	-	-
<b>Total</b>	<b>2,870,420</b>	<b>951,084</b>	<b>3,821,504</b>	<b>152,048</b>	<b>1,268,570</b>	<b>1,420,618</b>

**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	-	-	-
<b>Total</b>	<b>2,870,420</b>	<b>908,363</b>	<b>3,778,783</b>	<b>152,048</b>	<b>1,213,254</b>	<b>1,365,302</b>

**33 Financial instruments**

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

	Group 2022 £	2021 £	Royal Academy 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

**The Royal Academy of Arts**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2022**

**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.