

THE ROYAL ACADEMY OF ARTS

(A Company Limited by Guarantee)

Registered Charity No. 1125383

Registered Company No. 06298947

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2023

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

Registered Charity No. 1125383

Registered Company No. 06298947

PRESIDENT AND COUNCIL:

In the financial year and at the date of signing:

President

Rebecca Salter PRA

Council

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

Officers

Rebecca Salter PRA
Prof 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

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Royal Academy Committees

at the date of signing¹:

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

Professional Advisers:

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

Burlington House, Piccadilly, London. W1J 0BD

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

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CONSTITUTION AND CHARITABLE OBJECTIVES

Constitution

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

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

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

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

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

The Royal Academy's charitable objects are:

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

Governance and management

Council

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

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

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

Council normally meets at least six times a year.

General Assembly

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

The responsibilities of General Assembly include:

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

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Officers

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

The President:

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

The Keeper:

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

The Treasurer:

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

The Secretary and Chief Executive:

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

Senior Leadership Team

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

Committees

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

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

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

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

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

Trading subsidiaries

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

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Connected charities

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

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

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

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

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

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

Decision making

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

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

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

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

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

Stakeholder engagement

Staff and volunteers

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

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Business relationships with suppliers, customers, and others

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

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

Sustainability and environmental impact

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

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

Streamlined Energy and Carbon Reporting (SECR)

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

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

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

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

	Measure	2022/23	2021/22	2020/21	2019/20
Greenhouse Gas emissions (tCO ₂ e)	Scope 2 (electricity)	873	859	985	999
	Scope 1 (gas, fleet mileage, F-Gas)	733	636	834	669
	Total	1,606	1,495	1,819	1,668
	kgCO ₂ e/m ²	89	81	98	90
Energy consumption (kWh)	Scope 2 (electricity)	4,430,675	4,144,798	4,303,791	3,998,283
	Scope 1 (gas, fleet mileage)	3,851,212	3,442,414	4,525,320	3,635,287
	Total	8,281,887	7,587,212	8,829,111	7,633,570
	kWh/m ²	451	413	481	416

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

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Waste management

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

Royal Academy of Arts waste report:

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

* Estimated figures for October-December 2023.

Roadmap to Carbon Net Zero

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

Responsible investment

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

Approaches to governance and governance review

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

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

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

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

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

RA Collection governance

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

Disabled employees

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

Employee consultation

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

Strategic review

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

2023-2028 Strategic Plan

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

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

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

Mission 2023-28

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

Vision 2023-28

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

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

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

Values 2023-28

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

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

Royal Academicians

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

The following were elected as Honorary Academicians during the year:

- On 13 December 2022, Kerry James Marshall.

The following were elected as Honorary Fellows during the year:

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

The following were elected as Royal Academicians during the year:

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

Senior Leadership Team

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

ACTIVITIES, ACHIEVEMENTS, AND IMPACT

Review of activities

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

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1. Exhibitions

Main Galleries

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

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

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

The Gabrielle Jungels-Winkler Galleries

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

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

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

Architecture programme

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

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

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

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

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

2. Audience and Experience

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

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

Sales, Marketing and Loyalty

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

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

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

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

Digital Content and Partnerships

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

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

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

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

Digital Product and Infrastructure

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

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

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

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

Commercial: Retail, Publishing and Art Sales

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

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

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

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

Visitor welcome

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

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

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

3. Collections and Learning

Collections: Displays

Collections Gallery

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

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

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

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

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

The John Madejski Fine Rooms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Learning, Public and Academic Programmes

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

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

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

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

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

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

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

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

4. RA Schools

Capital projects: RA Schools Project

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

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

The return of the Cast Collection

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

Academic programme

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

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

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

Critical Fellow

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

Workshops

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

Architectural walks

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

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

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

Royal Academy Schools professors

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

RA Schools Committee

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

Graduation

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

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Exhibitions

RA Schools Show, 8 – 25 June 2023

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

Premiums

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

Starr Fellow Show

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

Study trip

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

Workshops

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

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

Admissions

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

Bursaries

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

Programme EDI

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

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Student support fund

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

Collaborations, Residencies and Prizes

Claridge's

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

Creed Design competition

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

5. Development

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

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

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

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

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

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

6. Corporate Services

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

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Our people

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

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

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

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

Estates and Facilities

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

Outstanding facilities

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

A safe and accessible welcome

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

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

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7. Finance

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

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

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

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

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

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

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

IMPACT AND PUBLIC BENEFIT

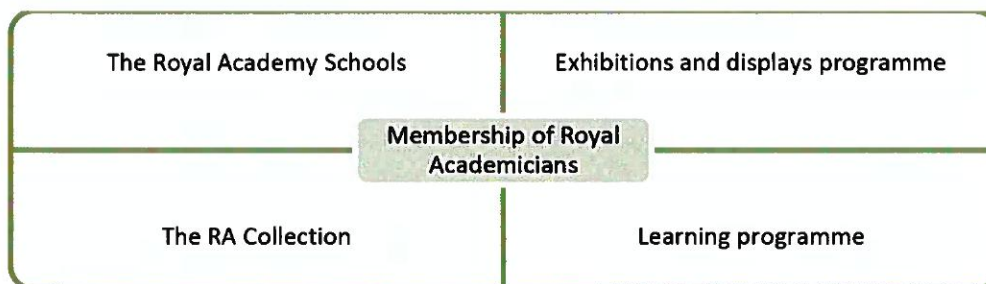
The Royal Academy is a pioneering champion of artists and art making in the UK. Founded in 1768 by a group of artists and architects, its core founding purpose was and remains to (i) promote outstanding achievement in art and architecture; (ii) contribute to advancing contemporary practice; and (iii)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

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In delivering this mission, it is our ambition to:

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

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



Our membership of Royal Academicians

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

The Royal Academy Schools

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

Our renowned exhibitions programme

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

The Royal Academy's unique Collection

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

Our learning and public programmes

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

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

IMPACT MEASURES

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

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

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

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

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

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

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

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

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

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

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

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

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Business review

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

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

STRATEGIC REPORT

Our priorities for the next five years

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

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

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

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

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

2. Deepen our connection with the world around.

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

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

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

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

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

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

Measuring our progress against the strategy

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

Reinforce the Academy:

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

Deepen our connection:

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

Reinforce our resilience:

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

FINANCIAL REVIEW

Financial result for the year

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

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

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

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

Exhibition visitors in the year were c.545,000 which were over 16.5% lower than the prior year (c.658,000), which benefited from two *Summer Exhibitions*, as well as a *Francis Bacon* exhibition in the Main Galleries. The Main Galleries exhibitions *William Kentridge* (c.103,000) and *Spain and the Hispanic World* (c.115,000), despite critical success, both achieved much lower visitor numbers than planned, however, the final Main Galleries exhibition, *Summer Exhibition 2023* achieved c.167,000 visitors, well ahead of plan, and over 20% higher than *Summer Exhibition 2022*. With the exhibitions in *The Gabrielle Jungels-Winkler Galleries* also performing in line or better than planned, total exhibition visitors were only just behind plan despite being much lower than the previous year.

Significant increases in staff costs, energy tariffs and other operating costs were also experienced, as largely anticipated primarily due to the impact of inflation.

Last year's results benefited significantly from the exceptional situation of having two *Summer Exhibitions* in one financial year, with the *Summer Exhibition 2021* being deferred to Autumn 2021 due to the pandemic. Despite, the emergence of the Omicron variant and the government measures put in place to combat this, which reduced visitor numbers towards the end of the exhibition's run in late 2021 and early 2022, the exhibition still generated a significant contribution, including from the commission earned from arts sales. The *Summer Exhibition 2022* back in its normal summer slot also performed extremely well, as did the other Main Galleries exhibition *Francis Bacon: Man and Beast*, which performed well ahead of plan although visitor numbers were around 25% lower than we might have expected before the pandemic. Following the restructuring in 2021, the Royal Academy continued to operate with a lower cost base during the previous financial year and whilst there was some impact of inflation on both staff and operating costs, these were far more keenly felt in the 2022/23 financial year. This is particularly true of energy costs, for which three year fixed tariff contracts expired at the end of September 2022 and for which much higher tariffs are now being experienced notwithstanding the government support available to the end of March 2024.

Total income (excluding interest receivable) from ongoing activities for the current year was 4.0% down on the previous year at £36.7m (2022: £38.2m), with expenditure (excluding interest payable) increasing by 10.1% over the same period to £35.9m (2022: £32.6m). Also excluding income from the CESF and CJRS, total income was 10.2% down on the previous year at £33.9m (2022: £37.8m).

The Friends of the Royal Academy, a separate registered charity, donated £10.6m (2022: £11.1m) to the Royal Academy, 4.5% lower than the previous year; but also donated a further £nil (2022: £0.1m) of legacy income towards the CESF. The total donation of £10.6m (2022: £11.2m) represented 28.7% (2022: 29.1%) of the RA's total income from ongoing activities.

Exhibition income decreased by 30.1% to £6.0m (2022: £8.6m) which as well as reflecting lower admission income with a fall in visitor numbers, also saw a decline in arts sales commission and Summer Exhibition entry submission fees following the two Summer Exhibitions being held in the previous financial year.

There was a 5.0% decrease in income from our trading subsidiaries to £8.9m (2022: £9.4m). Income from commercial activities of £6.3m were in line with the previous year (2022: £6.3m), with income from entertaining services to the corporate sector 8.2% up at £2.1m (2022: £2.0m) and income from ticketed fundraising events of £0.5m, 53.1% down (2022: £1.1m).

Other income including sponsorship at £2.4m was 15.0% down (2022: £2.9m); with other donations at £4.7m, 22.4% up (2022: £3.8m), including £0.8m emergency fundraising (2022: £0.2m). Grant income was less than £0.1m and 98.9% down (2022: £1.1m). 2022 included £0.1m from the CJRS and just under £1.0m received from Bloomberg for digital infrastructure development.

The increase in expenditure included a 13.6% increase in staff costs to £14.3m (excluding £2.0m pension service income recognised for the legacy defined benefit scheme) (2022: £12.6m excluding £0.2m pension service income), with average full-

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

time equivalent permanent employees increasing to 287 (2022: 269) and headline salary increases of 1.25% and 5.0% being awarded in April 2022 and September 2022.

Other expenditure (excluding depreciation and amortisation) has increased by 23.2% to £20.3m (2022: £16.5m), primarily reflecting an increase in direct exhibition costs, driven by both inflation and the programme, with 2022 benefiting exceptionally due to scheduling arising from the pandemic by having two Summer Exhibitions, which have lower direct costs than Main Galleries loan exhibitions; a significant increase in energy costs, which have more than doubled this year, despite government initiatives; and higher operating costs generally, due both to the impact of inflation and increased activity coming out of the pandemic. Depreciation and amortisation charges were down 10.6% at £3.3m (2022: £3.6m) – in part reflecting the lower level of capital expenditure on the estate and technology during the pandemic disrupted period from March 2020, which followed a period of more significant investment in both the plant upgrade and gallery refurbishment programme and systems technology, as well as the assets brought into service primarily in 2018 with completion of Phase I of the Burlington Project.

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

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

The Royal Academy has benefited significantly from the introduction of the Museums and Galleries Exhibition Tax relief from 1 April 2017, providing much needed financial support to the exhibitions and free display programme amounting to about £0.4m each year to date. The announcement in March 2023 of the extension of this relief until at least 31 March 2026 was much welcomed.

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

Reserves

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

The trustees have set a reserves policy which requires:

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

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

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The trustees have specifically considered the prospective financial impact of the key risks identified in the Royal Academy's Risk Register, including those pertaining to meeting the budget approved for the year ended 31 August 2024 and have further considered the medium term cash flow forecasts of the Royal Academy to 31 August 2028 and the long term loan funding in place. The trustees have also considered expenditures that could be deferred or avoided to mitigate the detrimental impact of unforeseen difficulties.

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

Actual free reserves as at 31 August 2023

As at 31 August 2023, total unrestricted and non-designated funds stood at £91.8m, including £89.0m of fixed assets. Free reserves, which exclude fixed assets, are therefore £2.8m, after taking account of the pension scheme asset of £6.2m and are £1.7m less than the desired level of £4.5m.

The free reserves of £2.8m is represented by net current assets of £6.8m less long term liabilities of £10.2m, of which £10.0m is repayable in ten equal annual instalments from 2035-2044; and the pension scheme asset of £6.2m.

In addition to the net current assets of £6.8m as at 31 August 2023, the Royal Academy has access to both a committed £3.5m Masterplan RCF and a £1.5m Operating RCF to 31 August 2027 and an annually renewable £0.5m overdraft facility, none of which were drawn upon at the year end.

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

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

The trustees also take comfort from the fact that the Royal Academy Trust, an independent charity established under a Trust Deed dated 11 February 1981 specifically to provide support to the Royal Academy, held funds of £50.2m at 31 August 2023 in trust for the Royal Academy, of which £15.9m represents unrestricted funds, including £9.7m that is both unrestricted and not designated. A further £20.8m represents permanent endowment funds, which are accounted for on a total return basis (such that both income and capital appreciation may be distributed), with the remaining £13.5m being restricted funds (including £0.6m which may be used for the general purposes of the Royal Academy). These amounts are held by the Royal Academy Trust until these are required by the Royal Academy for specific purposes and are invested by the Royal Academy Trust to provide future funding for the Royal Academy.

Principal risks and uncertainties and risk management

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

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

The Risk Register is formulated by the SLT; is reviewed quarterly; and is formally reviewed by the Audit and Risk Committee on an annual basis. Each risk is given a ranking score, based on impact and likelihood. The highest scoring risks are reviewed by Council and are given the highest priority in terms of management focus and mitigating actions are put into place. The Risk Register also provides the basis for an ongoing programme of Internal Audit reviews, the findings of which are reported to the Audit and Risk Committee.

The pandemic has had a significant impact on the RA's operations, financial sustainability and the wider risk landscape and this will continue for some time yet. The pandemic has been superseded by external global influences. The ongoing Russia / Ukraine

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For the year ended 31 August 2023

conflict and emerging crisis in the Middle East, together with the longer term impact of the pandemic as well as Brexit, has contributed to the macro-economic situation the RA now finds itself in with higher inflation and interest rates; higher staffing and energy costs; and the impact of the "cost of living crisis" on growing back visitor numbers, both in terms of reduced visitor numbers to our exhibition programme and a reduction in The Friends of the Royal Academy donation to the Royal Academy arising from diminished Friends' membership income.

The other highest scoring risks include the risk of the possibility of plant failure in the galleries, including the impact of extreme weather; the risk of attacks on art works; the threat of a data security breach or cyber-attack; delay to the programme and cost overruns on the RA Schools Project, which is due to complete in 2024; financial sustainability, more specifically the risk of not maintaining an adequate level of cash reserves; and the longer term impact of Brexit on the diversity of the student body in the RA Schools. External risks include business interruption arising from a significant external event including civil unrest, terrorism, another pandemic or extreme weather.

These risks are all subject to immediate management consideration to provide mitigation. Mitigation steps include completion of the plant upgrade programme, together with planned preventative maintenance; security and working practices in place, together with disaster recovery and business continuity planning and procedures; cyber security and working practices in place; continued improvement to data protection policies, procedures and controls, including emergency response planning; robust project governance, supported by a strong internal and external project team; financial planning and analysis supporting the medium term cash flow forecasts of the Royal Academy to inform strategic decisions; seeking alternative available routes to ensure diversity of students in the RA Schools; and disaster recovery and business continuity planning and procedures.

FUNDRAISING

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

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

The RA received 289 complaints associated with fundraising and membership in the period 1 April 2022 to 31 March 2023, compared to 143 in the previous year. As in previous years, these complaints related to membership cancellations due to increased price, rather than complaints in the strict sense. The number of cancellations is higher than the previous year. This is still a comparatively low figure for the sector and given our activities. This represents the degree with which we have developed our processes to ensure we put our supporters and the safeguarding of their data at the centre of everything we do. Nevertheless, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our supporter relations team investigate each complaint and we do all we can to resolve complaints and ensure supporters are happy with our work.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

AUDIT INFORMATION

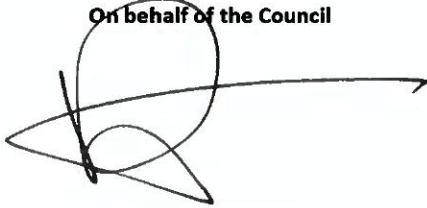
So far as each of the trustees at the time the trustees' report is approved is aware:

- 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: 12.12.23.

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

Opinion

We have audited the financial statements of The Royal Academy of Arts (the "parent charitable company") and its subsidiaries (the "group") for the year ended 31 August 2023 which comprise the group Statement of Financial Activities, the group and parent charitable company Balance Sheets, the group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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

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

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

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; and
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of this report

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

Moore Kingston Smith LLP

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

6th Floor
9 Appold Street
London EC2A 2AP

Date: *12 December 2023*

The Royal Academy of Arts
Consolidated Statement of Financial Activities
(including an income and expenditure account)
For the year ended 31 August 2023

		Ongoing activities			Burlington Project			
		Unrestricted	Designated	Restricted	Endowment	Restricted	Total	Total
	Note	funds	funds	funds	funds	funds	2023	2022
		2023	2023	2023	2023	2023	2023	2022
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
								as restated
Income from:								
Donations and legacies								
General donations from RAT*		620	2,000	-	-	-	2,620	640
Other donations from RAT*:								
Cataloguing project		-	-	2	-	-	2	17
Other projects		697	-	411	-	-	1,108	399
Donations from Friends of the RA		10,598	-	-	-	-	10,598	11,157
Other donations	5	2,169	802	1,740	-	6,492	11,203	8,990
Grant income	6	-	-	12	-	-	12	1,087
Charitable activities								
Exhibitions		6,015	-	-	-	-	6,015	8,607
Schools		2	-	-	-	-	2	24
Collections		32	-	-	-	-	32	17
Education		225	-	-	-	-	225	180
Other trading activities								
Income from trading subsidiaries	7	8,910	-	-	-	-	8,910	9,383
Sponsorship, rent and other receipts		2,448	-	-	-	-	2,448	2,876
Investments								
Bank interest		175	-	-	-	421	596	6
Investment income		-	20	10	29	-	59	36
Total income		31,891	2,822	2,175	29	6,913	43,830	43,419
Expenditure on:								
Raising funds								
Fundraising	9	(3,913)	-	-	-	-	(3,913)	(2,763)
Expenditure from trading subsidiaries	7	(6,841)	-	-	-	-	(6,841)	(6,668)
Charitable activities	10	(20,189)	(2,803)	(2,605)	1	-	(25,596)	(23,574)
Other								
Relocation costs		-	-	-	-	(346)	(346)	(169)
Donation to RAT*		-	-	-	-	-	-	(2)
Increase / (diminution) in value of investment property	18.d	-	-	27	-	-	27	(8)
Total income / (expenditure)		(30,943)	(2,803)	(2,578)	1	(346)	(36,669)	(33,184)
Net losses on investments	19	-	(13)	(7)	(19)	-	(39)	(164)
Net income / (expenditure)	11	948	6	(410)	11	6,567	7,122	10,071
Transfers between funds	24-26	86	-	16	(28)	(74)	-	-
Other gains / (losses)								
Tax credit	15	213	-	-	-	-	213	373
Remeasurement of defined benefit pension scheme asset	29	(2,248)	-	-	-	-	(2,248)	(2,430)
Net movement in funds		(1,001)	6	(394)	(17)	6,493	5,087	8,014
Total funds brought forward		92,741	643	4,035	792	15,292	113,503	105,489
Total funds carried forward		91,740	649	3,641	775	21,785	118,590	113,503

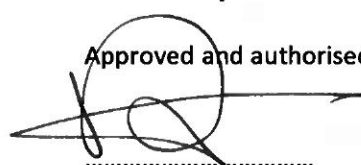
All gains and losses arising in the year are included in the Statement of Financial Activities and derive from continuing activities.

* RAT denotes Royal Academy Trust

The Royal Academy of Arts
Balance Sheets as at 31 August 2023

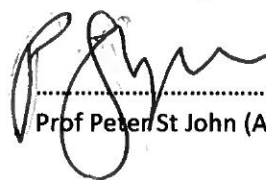
		Group		Royal Academy	
		2023	2022	2023	2022
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	17	170	94	110	91
6 Burlington Gardens	18.c	66,393	66,647	66,393	66,647
Other tangible fixed assets	18.a,b	34,118	28,696	34,103	28,677
Heritage assets	16	1,574	1,392	1,574	1,392
Investment property	18.d	1,190	1,155	1,190	1,155
Other investments	19	1,766	1,742	1,766	1,742
Total fixed assets		105,211	99,726	105,136	99,704
Current assets					
Stock		1,055	962	-	-
Debtors	20	4,362	4,308	5,012	4,692
Cash and cash equivalents		18,049	17,518	17,793	17,304
Total current assets		23,466	22,788	22,805	21,996
Creditors - amounts falling due within one year	21	(6,109)	(5,072)	(5,373)	(4,222)
Net current assets		17,357	17,716	17,432	17,774
Total assets less current assets		122,568	117,442	122,568	117,478
Creditors - amounts falling due after more than one year	22	(10,163)	(10,383)	(10,163)	(10,383)
Net assets excluding pension scheme asset		112,405	107,059	112,405	107,095
Defined benefit pension scheme asset	29	6,185	6,444	6,185	6,444
Total net assets		118,590	113,503	118,590	113,539
The funds of the charity:					
Endowment funds	24	775	792	775	792
Restricted funds	25	25,426	19,327	25,426	19,327
Unrestricted funds:					
Designated funds	26	649	643	649	643
General funds		85,555	86,297	85,555	86,333
Pension reserve	29	6,185	6,444	6,185	6,444
Total unrestricted funds		92,389	93,384	92,389	93,420
Total charity funds		118,590	113,503	118,590	113,539

Approved and authorised for issue by the President and Council of The Royal Academy of Arts on 12th December 2023



Rebecca Salter PRA

President



Prof 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 2023

		2023	2022
	Note	£'000	£'000 <i>as restated</i>
Net cash provided by operating activities	28	8,967	12,380
Tax credit received		157	268
Cash flows from investing activities			
Interest paid	11	(445)	(438)
Interest received		596	6
Dividends and interest from investments		59	36
Payments to acquire intangible fixed assets	17.a	(164)	-
Payments to acquire tangible fixed assets	18.a,c,d	(8,342)	(3,818)
Payments to acquire heritage assets	16	(14)	-
Payments to acquire fixed asset investments	19	-	(666)
Net movement in cash held in the investment portfolio	19	(63)	630
Net cash used in investing activities		(8,373)	(4,250)
Cash flows from financing activities			
Net repayment on revolving credit facilities	21	-	(3,700)
Bank loan repayments	22	(220)	(220)
Net cash used in financing activities		(220)	(3,920)
Net change in cash and cash equivalents		531	4,478
Cash and cash equivalents at the beginning of the year		17,518	13,040
Cash and cash equivalents at the end of the year		18,049	17,518
Analysis of cash and cash equivalents:			
Cash at bank and in hand		18,049	17,518
Total cash and cash equivalents		18,049	17,518

Analysis of changes in net debt:		Opening £'000	Cash flows £'000	Closing £'000
Cash		17,518	531	18,049
Loans falling due within one year	21	(220)	-	(220)
Loans falling due after more than one year	22	(10,383)	220	(10,163)
Total		6,915	751	7,666

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

1 General information

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

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

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

2 Summary of significant accounting policies

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

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

a. Basis of preparation

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

The consolidated financial statements comprise the financial statements of the Royal Academy and its three trading subsidiaries: RA (Arts) Limited, Burlington House Limited and R.A. Enterprises Limited made up to 31 August 2023. The total income and expenditure of these entities is shown in the Statement of Financial Activities ("SOFA") and the detailed results are disclosed in note 7 of the financial statements. The statements are consolidated on a line by line basis.

The Royal Academy has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual SOFA. The Royal Academy only surplus (net movement in funds) was £4,592,000 (2022: £8,050,000).

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

b. Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Royal Academy to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and have considered the macro-economic situation the Royal Academy now finds itself in with higher inflation and interest rates; and the impact of the "cost of living crisis" and changes in customer behaviours on growing back visitor numbers.

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

2 Summary of significant accounting policies (continued)

b. Going concern (continued)

In particular, the trustees have considered the sensitivity of forecasts, including that of a slower recovery from the pandemic. They have taken account of the related pressures on its key sources of income from donations, in particular the annual donation from the Friends of the Royal Academy; sponsorship and admission income from its exhibitions programme; and from its trading activities, including onsite and online retail and corporate membership and lets. The trustees have further reviewed its underlying cost base and its expenditure on both its charitable and fundraising activities, as well as from commercial trading, supporting these key sources of income and the prospective impact of higher rates of inflation, higher energy tariffs and salary increases on these.

The Group has unrestricted net current assets of £6.8m as at the year end. The Group also has access to a committed £3.5m Masterplan Revolving Credit Facility and £1.5m Operating Revolving Credit Facility to August 2027 and an annually renewable £0.5m overdraft facility. None of these facilities were drawn upon as at the year end.

In addition, the Royal Academy Trust, an independent charity established to specifically provide support to the Royal Academy, held funds of £50.2m at 31 August 2023 in trust for the Royal Academy, of which £15.9m are unrestricted, including £9.7m that is both unrestricted and not designated, and £0.6m of restricted funds held in the Paul Mellon Endowment fund, which may be used for the general purposes of the Royal Academy.

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

c. Total return investment accounting

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

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

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 2023

2 Summary of significant accounting policies (continued)

f. Heritage assets (continued)

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

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

g. Foreign currency

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

h. Intangible assets

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

i. Tangible assets

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

Building improvements	5 to 25 years
Computers	3 to 5 years
Office fixtures and fittings	3 to 10 years
Plant and equipment	5 to 15 years
Motor vehicles	over 3 years

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

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

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

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

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

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 2023

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 2023

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 2023

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 2023

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 2023

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	Total
		Unrestricted	Designated	Restricted	Endowment	Restricted	
		funds	funds	funds	funds	funds	
		2022	2022	2022	2022	2022	
		£'000	£'000	£'000	£'000	£'000	£'000
			as restated	as restated	as restated		as restated
Income from:							
Donations and legacies							
General donations from RAT*		640	-	-	-	-	640
Other donations from RAT*:							
Cataloguing project		-	-	17	-	-	17
Other projects		-	-	399	-	-	399
Donations from Friends of the RA		11,099	58	-	-	-	11,157
Other donations	5	1,655	460	1,734	-	5,141	8,990
Grant income	6	90	-	997	-	-	1,087
Charitable activities							
Exhibitions		8,607	-	-	-	-	8,607
Schools		24	-	-	-	-	24
Library		17	-	-	-	-	17
Education		180	-	-	-	-	180
Other trading activities							
Income from trading subsidiaries	7	9,383	-	-	-	-	9,383
Sponsorship, rent and other receipts		2,876	-	-	-	-	2,876
Investments							
Bank interest		6	-	-	-	-	6
Investment income		-	12	6	18	-	36
Total income		34,577	530	3,153	18	5,141	43,419
Expenditure on:							
Raising funds							
Fundraising	9	(2,763)	-	-	-	-	(2,763)
Expenditure from trading subsidiaries	7	(6,668)	-	-	-	-	(6,668)
Charitable activities	10	(20,660)	(505)	(2,409)	-	-	(23,574)
Other							
Project management		-	-	-	-	(169)	(169)
Donation to RAT*		-	-	(2)	-	-	(2)
Diminution in value of investment property	18.d	-	-	(8)	-	-	(8)
Total expenditure		(30,091)	(505)	(2,419)	-	(169)	(33,184)
Net losses on investments	19	-	(55)	(28)	(81)	-	(164)
Net income / (expenditure)	11	4,486	(30)	706	(63)	4,972	10,071
Transfers between funds	24-26	1,622	-	(143)	(33)	(1,446)	-
Other gains							
Tax credit	15	373	-	-	-	-	373
Remeasurement of defined benefit pension scheme asset	29	(2,430)	-	-	-	-	(2,430)
Net movement in funds		4,051	(30)	563	(96)	3,526	8,014
Total funds brought forward		88,690	673	3,472	888	11,766	105,489
Total funds carried forward		92,741	643	4,035	792	15,292	113,503

* RAT denotes Royal Academy Trust

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

5 Income from other donations

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
2023					
Exhibitions	552	-	759	-	1,311
Schools	20	-	918	-	938
Education	63	-	63	-	126
General - Other	1,224	-	-	-	1,224
Burlington Project - Phase II/III	-	-	6,492	-	6,492
Coronavirus Emergency Support Fund ("CESF")	-	71	-	-	71
Legacies	302	-	-	-	302
Legacies - Education	8	-	-	-	8
Legacies - CESF *	-	731	-	-	731
Total	2,169	802	8,232	-	11,203
2022					
Exhibitions	723	-	859	-	1,582
Schools	3	-	690	-	693
Collections	-	-	-	-	-
Education	152	-	185	-	337
General - Other	777	-	-	-	777
Burlington Project - Phase II/III	-	-	5,141	-	5,141
Presidents Fund	-	42	-	-	42
Coronavirus Emergency Support Fund ("CESF")	-	204	-	-	204
Legacies - CESF	-	214	-	-	214
Total	1,655	460	6,875	-	8,990

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

6 Income from grant income

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
2023			
Education	-	12	12
Total	-	12	12
2022			
Coronavirus Job Retention Scheme	55	-	55
Digital infrastructure *	-	980	980
Exhibitions	18	1	19
Schools	14	16	30
Education	3	-	3
Total	90	997	1,087

The Royal Academy took advantage of the Government's Coronavirus Job Retention Scheme ("CJRS") from inception in March 2020 up until its closure in September 2021.

* The Royal Academy received grant income of £980k from the Bloomberg Philanthropies' Digital Accelerator Fund in the prior year. This will fund updating the user experience and infrastructure of the main Royal Academy website; delivering a digital studio for online events; and researching the Royal Academy's requirements for digital asset management.

The Royal Academy of Arts
Notes to the Financial Statements
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7 Results from subsidiaries

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

Profit and Loss:	Total	R.A. Enterprises Limited		RA (Arts) Limited		Burlington House Limited	
	2023	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	8,910	6,289	6,296	2,115	1,954	506	1,133
Cost of sales	(3,347)	(2,942)	(2,948)	(136)	(84)	(269)	(613)
Administrative expenses	(3,494)	(3,040)	(2,558)	(421)	(405)	(33)	(60)
Total expenses	(6,841)	(5,982)	(5,506)	(557)	(489)	(302)	(673)
Net result	2,069	307	790	1,558	1,465	204	460
Distribution to the Royal Academy	(2,033)	(271)	-	(1,558)	(1,465)	(204)	(447)

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

Balance Sheet:

Fixed assets

Intangible fixed assets	60	60	3	-	-	-	-
Tangible fixed assets	16	16	19	-	-	-	-
Total fixed assets	76	76	22	-	-	-	-

Current assets

Stock	1,055	1,055	962	-	-	-	-
Debtors	1,067	544	707	516	292	7	9
Cash and cash equivalents	256	202	164	-	-	54	53

Total current assets	2,378	1,801	1,833	516	292	61	62
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Current liabilities

Creditors - amounts falling due within one year	(2,454)	(1,877)	(1,891)	(516)	(292)	(61)	(62)
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Net current assets / (liabilities)

	(76)	(76)	(58)	-	-	-	-
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Total assets less total liabilities *

	-	-	(36)	-	-	-	-
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Capital and reserves

Called up share capital	-	-	-	-	-	-	-
Profit and loss reserves	-	-	(36)	-	-	-	-

Total equity	-	-	(36)	-	-	-	-
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The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

8 Support costs

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

Finance costs include interest payable and similar charges of £445,427 (2022: £438,370).

2022	Finance £'000	IT £'000	Personnel £'000	Facilities £'000	Governance £'000	Total £'000
Exhibitions	1,068	601	199	1,803	260	3,931
Schools	225	127	42	380	55	829
Collections	183	102	34	308	45	672
Education	197	111	37	332	48	725
Publicity (note 10)	436	245	81	736	106	1,604
Fundraising (note 9)	337	190	63	569	82	1,241
2022 total	2,446	1,376	456	4,128	596	9,002

9 Fundraising

	2023 £'000	2022 £'000
Direct fundraising costs	1,772	1,522
Support costs (note 8)	2,141	1,241
Total	3,913	2,763

10 Charitable activities

2023	Direct costs £'000	Support costs £'000	Publicity costs (i) £'000	Total £'000
Exhibitions	10,495	4,314	4,620	19,429
Schools	1,339	933	2	2,274
Collections	933	758	25	1,716
Education	954	1,050	173	2,177
Total	13,721	7,055	4,820	25,596
		(note 8)		

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

10 Charitable activities (continued)

2022	Direct costs £'000	Support costs £'000	Publicity costs (i) £'000	Total £'000
Exhibitions	10,216	3,931	4,054	18,201
Schools	1,173	829	11	2,013
Collections	992	672	8	1,672
Education	878	725	85	1,688
Total	13,259	6,157	4,158	23,574

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

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

	2023 £'000	2022 £'000
Direct publicity costs	3,111	2,554
Support costs (note 8)	1,709	1,604
Total	4,820	4,158

11 Net income / (expenditure)

	2023 £'000	2022 £'000
This is stated after charging:		
Amortisation	88	219
Depreciation	3,166	3,423
Auditors' remuneration:		
External auditors		
Audit services - group undertakings	67	59
Audit services - defined benefit pension scheme	9	8
Other services	13	15
Interest payable and similar charges (see note 8)	445	438

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

The total lease expenditure incurred in the year was £261,943 (2022: £170,623).

12 Role of volunteers

Like all charities, the Royal Academy, uses a team of volunteers. In 2023 the Royal Academy engaged 6 (2022: 13) volunteers across both its Learning and Collections departments.

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

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

13 Officers' and Council members' remuneration

	2023 £'000	2022 £'000
Officers' remuneration, excluding pension contributions, is as follows:		
President	70	68
Keeper	50	50
Secretary and Chief Executive	230	212
Treasurer	40	40
	<u>390</u>	<u>369</u>
Total	<u>390</u>	<u>369</u>

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

One officer (2022: one) received pension contributions totalling £20,921 (2022: £19,124).

Council members are only reimbursed for expenses incurred in the performance of their duties, except for those individuals who are remunerated for their duties as officers. Three (2022: two) trustees received reimbursed expenditure of:

	2023 £'000	2022 £'000
Travel	3	1
Other	1	1
	<u>4</u>	<u>2</u>
Total	<u>4</u>	<u>2</u>

Trustee indemnity insurance costs for the year totalled £14,508 (2022: £14,246).

14 Staff costs

	2023 £'000	2022 £'000
Salaries and wages	12,222	10,776
Social security costs	1,183	1,030
Redundancy and termination payments	40	13
Pension contributions - defined contribution schemes	843	760
Pension service income - defined benefit scheme	(1,989)	(140)
	<u>12,299</u>	<u>12,439</u>
Total	<u>12,299</u>	<u>12,439</u>

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

As disclosed in note 6, grant income of £nil (2022: £55,056) was claimed in respect of the Coronavirus Job Retention Scheme.

The key management personnel of the Royal Academy, and Group, comprise the Senior Leadership Team, trustees and officers. Total remuneration of key management personnel during the year was £1,399,785 (2022: £1,267,891).

The Royal Academy of Arts
Notes to the Financial Statements
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14 Staff costs (continued)

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

Band:	2023 No.	2022 No.
£60,000 to £69,999	11	5
£70,000 to £79,999	6	7
£80,000 to £89,999	1	2
£90,000 to £99,999	3	1
£100,000 - £110,000	1	-
£120,000 to £129,999	-	2
£130,000 to £139,999	2	1
£140,000 to £149,999	1	-
£210,000 to £219,999	-	1
£230,000 to £240,000	1	-

Pension contributions for the above employees were £192,635 (2022: £156,176).

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

	Headcount		FTE	
	2023 No.	2022 No.	2023 No.	2022 No.
Charitable activities	121	119	100	97
Fundraising and publicity	66	55	63	52
Trading activities	47	44	40	38
Governance	4	4	4	4
Support	82	81	80	78
Total	320	303	287	269

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

15 Taxation

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

	2023 £'000	2022 £'000
Taxation credit		
- For the current year	268	341
- Adjustment in respect of prior year	(55)	32
Total	213	373

**The Royal Academy of Arts
Notes to the Financial Statements
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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 16th century to approximately 1920, and the Special Illustrated Books Collection.

The Royal Academy Archive

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

Capitalisation of the collections

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

The Royal Academy of Arts
Notes to the Financial Statements
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16 Heritage assets (continued)

Capitalisation of the collections (continued)

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

Acquisitions and disposals

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

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

In the financial year, Diploma Works were presented by Clare Woods RA, Peter Barber RA, Rana Begum RA, Katherine Jones RA, Hew Locke RA, Ryan Gander RA, Fiona Banner RA and Shirazeh Houshiary RA.

Gifts made to the Royal Academy in the current financial year include a painting by Ryan Gander valued at £25,000 and five paintings by Catherine Opie each valued at \$25,000. All works gifted or purchased with a value over £10,000 have been recognised in the year. Valuations are made at fair value, either provided by the artist or their gallery or based on an assessment made by the curator taking into consideration current market values.

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

Preservation

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

Works of art are ordinarily stored and displayed in conditioned spaces. Some sculpture is stored in spaces without environmental controls; however, these have proven to be naturally stable environments. The Royal Academy complies as closely as it is able with BS 5454:2000 "Recommendations for the Storage and Exhibition of Archival Documents 7.3" for the storage of its archives. Some items are held off-site in specialist warehouses.

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

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

16 Heritage assets (continued)

Collections management

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

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

Analysis of heritage assets (Group and Royal Academy)

	Works of art				
	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Carrying amount at 1 September	1,392	1,392	1,392	1,142	679
Purchases	14	-	-	-	14
Gifts	168	-	-	250	449
Carrying amount at 31 August	1,574	1,392	1,392	1,392	1,142

17 Intangible fixed assets

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

a. Group	Software
	£'000
Cost	
At 31 August 2022	2,572
Additions	164
Disposals	(239)
At 31 August 2023	2,497
Amortisation	
At 31 August 2022	2,478
Disposals	(239)
Charge for the year	88
At 31 August 2023	2,327
Net book value	
At 31 August 2023	170
At 31 August 2022	94

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17 Intangible fixed assets (continued)

b. Royal Academy	Software £'000
Cost	
At 31 August 2022	1,948
Additions	92
Disposals	(239)
	<hr/>
At 31 August 2023	1,801
Amortisation	
At 31 August 2022	1,857
Disposals	(239)
Charge for the year	73
	<hr/>
At 31 August 2023	1,691
Net book value	
At 31 August 2023	110
	<hr/>
At 31 August 2022	91
	<hr/>

18 Tangible fixed assets

a. Group	Building improvements £'000	Assets in course of construction £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 31 August 2022	24,652	5,010	59	24,001	53,722
Additions	1,360	6,857	-	371	8,588
Reclassifications	68	(68)	-	-	-
Disposals	(177)	-	(22)	(263)	(462)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2023	25,903	11,799	37	24,109	61,848
Depreciation					
At 31 August 2022	9,550	-	59	15,417	25,026
Disposals	(177)	-	(22)	(263)	(462)
Charge for the year	1,432	-	-	1,734	3,166
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2023	10,805	-	37	16,888	27,730
Net book value					
At 31 August 2023	15,098	11,799	-	7,221	34,118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2022	15,102	5,010	-	8,584	28,696
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Royal Academy of Arts
Notes to the Financial Statements
For the year ended 31 August 2023

18 Tangible fixed assets (continued)

b. Royal Academy

	Building improvements £'000	Assets in course of construction £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 31 August 2022	24,390	4,999	37	23,571	52,997
Additions	1,360	6,857	-	371	8,588
Reclassifications	68	(68)	-	-	-
Disposals	(177)	-	-	(263)	(440)
At 31 August 2023	25,641	11,788	37	23,679	61,145
Depreciation					
At 31 August 2022	9,288	-	37	14,995	24,320
Disposals	(177)	-	-	(263)	(440)
Charge for the year	1,432	-	-	1,730	3,162
At 31 August 2023	10,543	-	37	16,462	27,042
Net book value					
At 31 August 2023	15,098	11,788	-	7,217	34,103
At 31 August 2022	15,102	4,999	-	8,576	28,677

c. 6 Burlington Gardens (Freehold property)

	6 Burlington Gardens £
Group and Royal Academy	
Cost	
At 31 August 2022	66,647
Capital Goods Scheme adjustments	(254)
At 31 August 2023	66,393

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

The Royal Academy of Arts
Notes to the Financial Statements
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18 Tangible fixed assets (continued)

d. 7 Pembroke Studios (Investment property)

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

Group and Royal Academy	7 Pembroke Studios
	£
Fair value	
At 31 August 2022	1,155
Additions (at cost)	8
Fair value gain	27
	<hr/>
At 31 August 2023	1,190

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

Based on a valuation as at 31 August 2023 by an independent third party, the current open market value (with vacant possession) of the property is £1.7m. However, due to the requirement for the artist to be able to use the property rent free for up to 25 years from September 2020, the valuation on this basis is much lower at £1.19m. In accordance with the Charities SORP, this lower valuation is deemed to be the fair value for accounting purposes.

19 Other investments

	Group		Royal Academy	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Investments at market value	1,766	1,742	1,766	1,742
Investments in subsidiaries at cost	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,766	1,742	1,766	1,742

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

The Royal Academy of Arts
Notes to the Financial Statements
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19 Other investments (continued)

Movement in market value of investments:		2023	2022
		£'000	£'000
			<i>as restated</i>
Market value of investments at 1 September		1,730	1,228
Additions to investments at cost		-	666
Net losses on investments		(39)	(164)
Market value of investments at 31 August		1,691	1,730
Market value of investments by type:		2023	2022
		£'000	£'000
			<i>as restated</i>
Fixed income		250	157
Equities		1,146	1,105
Property		70	111
Alternative investments		167	279
Liquid assets		58	78
Total market value of investments	(Historic cost of investments £1,700,000 (2022: £1,700,000))	1,691	1,730
Cash holdings		75	12
Total		1,766	1,742

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

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

20 Debtors

	Group		Royal Academy	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	979	1,344	330	729
Royal Academy related entities	-	-	1,629	1,363
Royal Academy Trust	2	-	97	39
Taxation	553	497	553	497
Staff loans	9	7	9	7
Sundry debtors	1,731	1,245	1,492	1,040
Prepayments and accrued income	1,088	1,215	902	1,017
Total	4,362	4,308	5,012	4,692

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21 Creditors - amounts falling due within one year

	Group		Royal Academy	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loan	220	220	220	220
Trade creditors	873	730	744	499
Royal Academy related entities	-	-	-	4
The Friends of the Royal Academy	193	246	193	246
Taxation and social security	633	577	482	425
Sundry creditors	271	276	236	276
Accruals	2,369	1,606	2,135	1,395
Deferred income (i)	1,550	1,417	1,363	1,157
Total	6,109	5,072	5,373	4,222

A Masterplan Revolving Credit Facility of £5.0m was taken out in May 2017 to manage working capital requirements in relation to the Burlington Project. The facility was most recently extended in February 2023 with the £5.0m commitment expiring in June 2023 and thereafter reducing to a £3.5m commitment to 31 August 2027. The facility can be drawn down in advances with a minimum value of £0.5m. Each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2023 this facility was not drawn down (2022: £nil).

An Operating Revolving Credit Facility of £2.5m was taken out in March 2018 to manage operating working capital requirements. The facility was most recently extended in February 2023 with the £2.5m commitment expiring in March 2023 and thereafter reducing to a £1.5m commitment to 31 August 2027. This facility can be drawn down in advances with a minimum value of £0.15m. Similarly, each advance is repayable after one month; at the end of the one month period the advance can either be rolled over for another one month period or repaid. As at 31 August 2023, this facility was not drawn down (2022: £nil).

- i. Deferred income in 2023 includes ticket sales and sponsorship income for exhibitions in the next financial year, including *Marina Abramović*, *Impressionists on Paper* and *Entangled Pasts* and is analysed as follows:

	Brought forward	Amount added	Amount released	Carried forward
	£'000	£'000	£'000	£'000
Deferred income 2023	1,417	233	(100)	1,550
Deferred income 2022	2,109	1,317	(2,009)	1,417

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22 Creditors - amounts falling due after more than one year

	Group		Royal Academy	
	2023	2022	2023	2022
	£'000	£'000	£'000	£
Bank loan	163	383	163	383
Unsecured loan	10,000	10,000	10,000	10,000
Total	10,163	10,383	10,163	10,383

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

Unsecured loan	10,000	10,000	10,000	10,000
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The bank loan was taken out in 2009 and is repayable in instalments by 2025. Interest of £24,366 (2022: £12,990) was charged in the year.

In December 2014, the Royal Academy entered into an unsecured £10.0m loan facility agreement. This amount was advanced in December 2014 and is repayable in ten instalments of £1.0m each from 2035 until 2044, and has a fixed rate of interest of 4.21% p.a.. This facility was used to fund exceptional operating costs during the Burlington Project construction phase and the plant upgrade/renewal programme for conditioning the Burlington House galleries. Interest of £421,000 (2022: £421,000) was charged in the year. The Royal Academy remains compliant with its various loan covenants.

23 Analysis of net assets by fund

	Endowment	Restricted		Designated	Unrestricted		
		Burlington Project	Other funds		General funds	Pension reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
a. Group							
Investments	775	-	401	590	-	-	1,766
Heritage assets	-	-	1,574	-	-	-	1,574
Intangible assets	-	-	-	-	170	-	170
Tangible assets	-	11,685	1,190	-	88,826	-	101,701
Current assets	-	11,323	476	59	11,608	-	23,466
Current liabilities	-	(1,223)	-	-	(4,886)	-	(6,109)
Long term liabilities	-	-	-	-	(10,163)	-	(10,163)
Pension asset	-	-	-	-	-	6,185	6,185
Total	775	21,785	3,641	649	85,555	6,185	118,590

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23 Analysis of net assets by fund (continued)

	Endowment	Restricted	Designated	Unrestricted			
		Burlington Project	Other funds		General funds	Pension reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
b. Royal Academy							
Investments	775	-	401	590	-	-	1,766
Heritage assets	-	-	1,574	-	-	-	1,574
Intangible assets	-	-	-	-	110	-	110
Tangible assets	-	11,685	1,190	-	88,811	-	101,686
Current assets	-	11,323	476	59	10,947	-	22,805
Current liabilities	-	(1,223)	-	-	(4,150)	-	(5,373)
Long term liabilities	-	-	-	-	(10,163)	-	(10,163)
Pension asset	-	-	-	-	-	6,185	6,185
Total	775	21,785	3,641	649	85,555	6,185	118,590

24 Analysis of endowment funds

Group and Royal Academy

		Opening funds £'000	Investment gains less managers fees £'000	Unapplied fund total return allocated to income £'000	Closing funds £'000
Dunard Scholarship:	a.				
- Trust for investment		625	-	-	625
- Unapplied total return		14	9	(23)	-
Exhibitions fund:	b.				
- Trust for investment		150	-	-	150
- Unapplied total return		3	2	(5)	-
Total		792	11	(28)	775

- a. Dunard Scholarship:** the fund was established in 2020 by a donation of £625,000 from the Dunard Fund. It is held as a permanent endowment and is being accounted for on a total return basis. The purpose of the fund is to endow a student scholarship at the Royal Academy Schools in perpetuity.
- b. Exhibitions fund:** the fund was established in 2019 by a donation of £150,000 from the Thompson Family Charitable Trust, and reclassified as permanent endowment in 2020, and is being accounted for on a total return basis. The purpose of the fund is to support ongoing exhibition costs from investment returns.

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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 gains	Transfers	Closing funds
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other funds	a.	345	1,996	(1,980)	-	-	(18)	343
Bloomberg fund	b.	808	-	(570)	-	-	-	238
7 Pembroke Studios	c.	1,420	4	(5)	-	27	(8)	1,438
Heritage assets	16	1,392	168	-	-	-	14	1,574
Dunard Scholarship	24.a	56	-	(50)	23	-	-	29
Exhibitions fund	24.b	14	-	-	5	-	-	19
Burlington Project	d.	15,292	6,913	(346)	-	-	(74)	21,785
Total		19,327	9,081	(2,951)	28	27	(86)	25,426

- a. Other funds include donations of £413,119 (2022: £415,889) received from the Royal Academy Trust, other donations of £1,739,500 (2022: £1,734,244) and grants of £12,000 (2022: £996,926) received for specific and general activities as disclosed in notes 5 and 6 respectively. The closing balance relates to the following restricted funds:

The Royal Academy architecture awards £9,072 (2022: £98,459): established in 2018 from a donation of £60,000; a further donation of £255,000 was received in 2019. The awards take place annually for five years and the monies are being used towards the management and running costs of the Royal Academy architecture awards, including architecture awards week where the winner of the Royal Academy Architecture Prize and the finalists for the Royal Academy Dorfman Award come to London from around the world to partake in a week of events and activities and receive their prizes. £10,000 of the money is given to the winner of the Royal Academy Dorfman Award each year.

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

Artist in residence exchange programme £nil (2022: £18,352): established in 2018 with a donation of £80,000; a further £27,494 was received in 2019. The funds were used towards the costs of an artist exchange programme between students of the Royal Academy Schools and the K11 Art Foundation ("KAF") in China.

Swanston bequest £24,564 (2022: £24,564): established in 2014 from a legacy of £60,000. The bequest is being used for curating and publishing costs associated with the *Taddei Tondo*.

Cataloguing project £3,032 (2022: £5,084): established through donations from trusts, foundations and private individuals. The purpose of the project is to catalogue the Royal Academy's collection, including conservation and the creation of a collections website, and the creation and publication of a volume on the history of the Royal Academy and its collection, which was published in 2018.

Architecture professorship £nil (2022: £27,611): established in 2019 from two donations totalling £150,000. The donations were spent on funding the position of the Professor of Architectural History for four years from 1 September 2019 to 31 August 2023.

Clore Cultural Learning Fund £36,296 (2022: £49,094): established in 2021 as a result of the Covid-19 pandemic with a grant of £100,000, the fund supports the delivery of learning and community activities, especially those delivered onsite at the Royal Academy.

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25 Analysis of restricted funds (continued)

Dunard Schools Fund £81,031 (2022: £79,633): established in 2020 from a donation of £333,333, with a total of £1,000,000 pledged over three years. Further donations totalling £666,667 were received in 2022 and 2023. The fund provides £50,000 per annum towards Royal Academy Schools bursaries and £283,333 towards Royal Academy Schools tutors' salaries.

Marie Ragnhild Hollingsworth Prize Fund £143,350 (2022: £nil): established in 2023 from donations totalling £148,350. The fund provides £5,000 per annum for a prize at the *Summer Exhibition*.

British Council residency £3,868 (2022: £nil): established in 2023 from grant income of £12,000, this will fund a residency for an early career researcher. The project is due to complete in 2024.

- b. Bloomberg Digital Accelerator Fund** £237,752 (2022: £807,721): established in 2021 from grant income of £980,000 from the Bloomberg Philanthropies' Digital Accelerator Fund. This will fund updating the user experience and infrastructure of the main Royal Academy website; delivering a digital studio for online events; and researching the Royal Academy's requirements for digital asset management. The project is due to complete in 2024.
- c. 7 Pembroke Studios:** the fund was established in 2020 from a donation of £2,159,884 (\$2,790,720), of which £1,650,000 was used to purchase Pembroke Studios in September 2020, an artist's studio in London, with the balance of the fund to be used for the legal and professional fees associated with the purchase and repairs and maintenance of the property for a period of up to 25 years. It was the donor's wish that an artist, who has been using the studios since 2012, should be able to continue to have exclusive, rent free use of the studios for as long as she is actively and regularly using the studios for up to a maximum of 25 years. At the end of the said period, the Royal Academy will have full and free use of the studios and have the right to sell the studios and apply the proceeds of the sale towards its general charitable purposes.
- d. Burlington Project** - Phase I was completed in 2018, with all Burlington Project - Phase I restricted and designated funds being transferred to unrestricted funds as specific identifiable assets were brought into service and as such, the restrictions on these funds have been satisfied. The remaining restricted funds are in respect of Phases II and III and other projects, which form part of the overall Burlington Project (see note 30).

26 Analysis of designated funds

Group and Royal Academy	Opening funds £'000	Income £'000	Expenditure £'000	Investment losses £'000	Closing funds £'000
Total designated	643	2,822	(2,803)	(13)	649

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

Schools architect fund £78,262 (2022: £77,248): the fund was established in 2018 from a legacy of £88,039. The funds are held on investment with Sarasin & Partners LLP, with the investment returns being used to fund an annual event as part of the RA Architecture Programme in Sir Richard MacCormac's name.

Schools annual travel prize £12,000 (2022: £14,000): a legacy of £20,000 was received in 2018 and designated as an annual travel prize of £2,000 for students of the Royal Academy Schools. The first prize was awarded in 2018, with further awards in 2019, 2022 and 2023. It is anticipated this will be spent over a period of 10 years.

Future Academy £558,173 (2022: £551,266): unrestricted donations and legacies received in 2019, 2020 and 2022 have been designated by Council for expenditure on the Royal Academy Schools (£34,284), the Collection (£14,193), education (£500) and the Presidents' Fund (£509,195), which is held to support the Royal Academy in periods when there is unexpected volatility in income or expenditure.

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27 Administered funds

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

These funds consist of the following:

Frampton Fund

Agnes Ethel MacKay Fund

Jack Goldhill Sculpture Fund

Charles Wollaston Award Fund

Pitchforth Scholarship Fund

Sir John Reeves Ellerman Fund

	2023 £'000	2022 £'000
Income from investments	27	-
Expenditure	(151)	(166)
Net gains / (losses) on investments	<u>116</u>	<u>(484)</u>
Net loss	(8)	(650)
Total funds brought forward	<u>4,322</u>	<u>4,972</u>
Total funds carried forward	<u>4,314</u>	<u>4,322</u>
Represented by:		
Investments	4,129	4,014
Cash at bank	70	154
Debtors	134	180
Creditors	<u>(19)</u>	<u>(26)</u>
Total funds	<u>4,314</u>	<u>4,322</u>

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

	2023 £'000	2022 £'000 <i>as restated</i>
Net income	7,122	10,071
Heritage asset gifts	(168)	-
Amortisation of intangible assets	88	219
Depreciation of tangible assets	3,166	3,423
(Fair value gain) / diminution in value of investment property	(27)	8
Current pension service income	(1,989)	(140)
Increase in stock	(93)	(45)
Decrease / (increase) in debtors	2	(1,337)
Increase / (decrease) in creditors	1,037	(379)
Interest paid	445	438
Interest received	(596)	(6)
Dividends and interest from fixed asset investments	(59)	(36)
Net losses on fixed asset investments	<u>39</u>	<u>164</u>
Net cash provided by operating activities	<u>8,967</u>	<u>12,380</u>

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Notes to the Financial Statements
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29 Pension costs

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

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

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

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

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

A full actuarial valuation of the Scheme was carried out as at 31 August 2022 and has been updated to 31 August 2023 by a qualified independent actuary.

Since June 2006 the Scheme has been closed to new members and closed to future accrual on 30 September 2016.

The major assumptions used by the actuary were (in nominal terms) as follows:	2023	2022
Discount rate	5.3%	4.2%
Inflation assumption (RPI)	3.2%	3.5%
Inflation assumption (CPI)	2.4%	2.7%
Rate of increase in salaries	3.2%	3.5%
Pension increases for service accrued:		
Pre 6 April 1997	2.4%	2.5%
6 April 1997 to 30 September 2006	3.1%	3.3%
Post 30 September 2006	2.1%	2.2%
Assumed life expectancies on retirement at age 60 are:		
Retiring in 2022 - Males	26.0	26.3
Retiring in 2022 - Females	28.5	29.0
Retiring in 2042 - Males	27.5	27.8
Retiring in 2042 - Females	30.0	30.4

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

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29 Pension costs (continued)

The assets in the Scheme were:	2023	2022
	£'000	£'000
Equities or equivalent	-	10,779
Corporate bonds	16,838	18,970
Cash	156	479
LDI funds	<u>14,769</u>	<u>7,801</u>
Fair value of Scheme assets	31,763	38,029
Present value of funded obligations	<u>(25,578)</u>	<u>(31,585)</u>
Surplus in funded Scheme	<u>6,185</u>	<u>6,444</u>
Net asset in balance sheet	<u>6,185</u>	<u>6,444</u>
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	2023	2022
	£'000	£'000
Benefit obligation at beginning of year	31,585	45,022
Interest cost	1,268	712
Actuarial gains	(4,456)	(13,146)
Benefits paid	(1,135)	(1,003)
Curtailments	<u>(1,684)</u>	<u>-</u>
Benefit obligation at end of year	<u>25,578</u>	<u>31,585</u>
Reconciliation of opening and closing balances of the fair value of Scheme assets:	2023	2022
	£'000	£'000
Fair value of Scheme assets at beginning of year	38,029	53,756
Interest income on Scheme assets	1,573	852
Return on assets, excluding interest income	(6,704)	(15,576)
Benefits paid	<u>(1,135)</u>	<u>(1,003)</u>
Fair value of Scheme assets at end of year	<u>31,763</u>	<u>38,029</u>
The amounts recognised in the SOFA:	2023	2022
	£'000	£'000
Service cost - including current service costs, past service costs and settlements	(1,684)	-
Net interest on the defined benefit pension scheme asset	<u>(305)</u>	<u>(140)</u>
Total income	<u>(1,989)</u>	<u>(140)</u>
Remeasurement of the defined benefit pension scheme asset:	2023	2022
	£'000	£'000
Actuarial gains on the liabilities	(4,456)	(13,146)
Return on assets, excluding interest income	<u>6,704</u>	<u>15,576</u>
Total remeasurement of the defined benefit pension scheme asset	<u>2,248</u>	<u>2,430</u>

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30 Authorised and contracted capital expenditure

a. Group

	Total project cost £'000	Costs expensed to the SOFA £'000	Assets in service £'000	Assets in course of construction £'000	Authorised but not contracted for £'000	Contracted for £'000
Other projects	114	-	-	114	-	-
Burlington Project - Phase II	22,800	515	1,447	11,146	-	9,692
Burlington Project - Phase III	6,500	-	-	491	6,009	-
Other Burlington Projects: Façade	750	-	-	48	702	-
Total	30,164	515	1,447	11,799	6,711	9,692

b. Royal Academy

	Total project cost £'000	Costs expensed to the SOFA £'000	Assets in service £'000	Assets in course of construction £'000	Authorised but not contracted for £'000	Contracted for £
Other projects	102	-	-	102	-	-
Burlington Project - Phase II	22,800	515	1,447	11,146	-	9,692
Burlington Project - Phase III	6,500	-	-	491	6,009	-
Other Burlington Projects: Façade	750	-	-	48	702	-
Total	30,152	515	1,447	11,787	6,711	9,692

Burlington Project - Phase II is the redevelopment of the Royal Academy Schools. The work has been split into two phases. A smaller first phase created new workshop spaces in 6 Burlington Gardens. These were completed to budget in the first half of 2022. The more significant second phase will refurbish the Royal Academy Schools main footprint in Burlington House and started in early 2022 and is due to complete in 2024. Knight Harwood are the main contractors for the entire project. The original budget for the whole project of £17.8m approved by Council in April 2021 was increased to £22.0m with costs being pushed up due to general inflation and procurement issues with certain materials and was approved by Council in November 2022. Due to various discoveries and a related extension of time for the works, a further increase in the budget to £22.8m was approved by the Finance and Performance Committee under delegated authority from Council in September 2023. The project has been fully fundraised for.

Burlington Project - Phase III is the redevelopment of the Collection Gallery. This is currently at an early design stage with the intention that the construction phase commences no later than July 2025. Nearly £6.5m has been fundraised, with the funds held by the Royal Academy Trust until required by the Royal Academy. £0.5m was donated by the Royal Academy Trust in 2018, with a further £0.5m in 2019 in respect of costs incurred to date with the balance being held in cash at bank. £5.4m is being held and invested by the Royal Academy Trust until required by the Royal Academy, with further interest accruing on these funds.

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

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31 Contingent liabilities

The Royal Academy and its subsidiaries had no contingent liabilities as at 31 August 2023 (2022: none).

32 Financial commitments

a. Group

At 31 August total commitments under operating leases were as follows:

	Land and buildings £'000	Other £'000	2023 Total £'000	Land and buildings £'000	Other £'000	2022 Total £'000
Under one year	219	160	379	224	455	679
Two to five years	762	-	762	790	496	1,286
Over five years	1,666	-	1,666	1,856	-	1,856
Total	2,647	160	2,807	2,870	951	3,821

b. Royal Academy

At 31 August total commitments under operating leases were as follows:

	Land and buildings £'000	Other £'000	2023 Total £'000	Land and buildings £'000	Other £'000	2022 Total £'000
Under one year	219	73	292	224	414	638
Two to five years	762	-	762	790	494	1,284
Over five years	1,666	-	1,666	1,856	-	1,856
Total	2,647	73	2,720	2,870	908	3,778

33 Financial instruments

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

	Group		Royal Academy	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets measured at amortised cost	2,618	2,493	3,454	3,075
Financial liabilities measured at amortised cost	14,089	13,461	13,691	13,023
Financial assets measured at fair value	1,766	1,742	1,766	1,742

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34 Related party transactions

Those in positions of authority within the Group, including trustees, Council members and directors, use facilities of the Group on the same terms as other Royal Academicians, Friends, Patrons or external customers. This includes access to exhibitions, purchases from shops, *Summer Exhibition*, and auctions, and also the use of catering facilities. For the year ended 31 August 2023, all transactions with related parties are considered within the scope of normal transactions.

Income of £271,159 (2022: £nil) was received from R.A. Enterprises Limited, being a distribution of 100% of their net income for the year, offset by prior year losses. In addition, R.A. Enterprises Limited was recharged salaries of £1,823,780 (2022: £1,576,604) and other expenses of £576,915 (2022: £482,014), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £1,296,072 (2022: £1,324,616) was owed and included within the Royal Academy's debtors.

Income of £204,221 (2022: £446,646) was received from Burlington House Limited, being a distribution of 100% of their net income for the year. In addition, Burlington House Limited was recharged expenses of £91,517 (2022: £142,238). At the year end, £14,175 (2022: £38,623) was owed and included within the Royal Academy's debtors.

Income of £1,558,431 (2022: £1,465,636) was received from RA (Arts) Limited, being a distribution of 100% of their net income for the year. In addition, RA (Arts) Limited was recharged salaries of £111,337 (2022: £103,649) and other expenses of £69,571 (2022: £88,903 recharged to RA), including a share of central support costs and a licence fee for the use of the RA name, data and rights. At the year end, £318,656 (2022: £4,009) was outstanding and included within the Royal Academy's creditors) was owed and included within the Royal Academy's debtors.

Income of £10,598,061 (2022: £11,157,287) was received from The Friends of the Royal Academy, of which £nil (2022: £57,967) relates to unrestricted legacy income received by The Friends of the Royal Academy and donated to the Coronavirus Emergency Support Fund, with the balance of £10,598,061 (2022: £11,099,320) being 100% of their net income for the year. In addition, The Friends of the Royal Academy reimbursed salary and other expenses recharged of £429,709 (2022: £554,750). At the year end, £192,941 (2022: £246,433) was outstanding and included within creditors.

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

During the year, the Royal Academy received income of £3,729,819 (2022: £1,055,889) from the Royal Academy Trust with donations of £2,000,000 towards the Coronavirus Emergency Support Fund (2022: £nil) and £1,729,819 (2022: £1,055,889) further donations to support various campaigns and projects undertaken. Donations of £nil to the Royal Academy Trust (2022: £1,648) relates to unspent funds from the cataloguing project. At the year end, £96,752 (2022: £39,195) was owed and included within the Royal Academy's debtors.

The trustees donated a total of £nil (2022: £nil) to the Royal Academy during the year.

35 Prior year restatement

The prior year investment returns for the fixed asset investment holdings have been restated to show investment income and net losses on investments separately on the Statement of Financial Activities ("SOFA"); investment income was previously netted off against net losses on investments. The net impact of this on the SOFA for the year ended 31 August 2022 is £nil.