

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
(A company limited by guarantee)

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
(A company limited by guarantee)

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THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2021

Trustees	Lora De Felice, Co-opted Trustee, Chair Mark Miller, Co-opted Trustee Barbara Burman, Co-opted Trustee Yvonne Sonsino, Co-opted Trustee (resigned 26 October 2020) Adrian Capps, Co-opted Trustee, Vice Chair John Parmiter, Nominee of the University of the Arts London Alison Lowton, Nominee of the Mary Ward Settlement Alexi Marmot, Nominee of the Working Mens's College (appointed 3 September 2020) Darius Farrokh Pocha, Co-opted Trustee (appointed 27 September 2021)
Company registered number	10388335
Charity registered number	1169925
Registered office	85 Great Portland Street First Floor London W 1W 7LT
Company secretary	Catherine Armstrong
Independent Examiner	MHA MacIntyre Hudson Chartered Accountants 2 London Wall Place London EC2Y 5AU
Bankers	CAF Bank Ltd PO Box 289 West Malling Kent ME19 4TA
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
Investment Managers	CCLA Investment Management Ltd Senator House 85 Queen Victoria Street London EC4V 4ET

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2021

The Trustees present their annual report together with the audited financial statements of the charitable company, The Royal Female School of Art Foundation, for the year 1 August 2020 to 31 July 2021. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Since the charitable company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

The charity is a company limited by guarantee, incorporated on 21 September 2016 and registered as a charity on 27 October 2016 with the Charity Commission. The incorporated charity is governed by its Memorandum and Articles of Association. The charity was considered dormant until 31 January 2018, upon which date the assets and liabilities (excluding an investment property asset, which was transferred on 31 January 2019) were transferred from the original unincorporated charity (registered charity number 1006880), also called the Royal Female School of Art Foundation, to this new incorporated charity (registered charity number 1169925).

Trustees of the charity

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end are listed on Page 1.

The Board of Trustees is constituted as follows, up to a maximum number of eight Trustees:

- (1) one Foundation Trustee appointed by the Working Men's College (or its successor(s));
- (2) one Foundation Trustee appointed by the University of the Arts London (or its successor(s));
- (3) one Foundation Trustee appointed by the Mary Ward Centre (or its successor(s)); and
- (4) a minimum of four Co-opted Trustees, appointed unanimously by the Trustees.

Historically, the three named organisations have nominated Trustees. Since their nominating bodies are also eligible to be recipients of the Foundation's grants, a greater number of co-opted Trustees are also recruited in order to guarantee the objectivity of the Board's decisions and to manage potential conflicts of interest.

Trustees may hold office for a period of four years and may be re-appointed by their appointing organisation, in the case of a Foundation Trustee, or the Trustees, in the case of a Co-opted Trustee, upon expiry of their initial term for one further period of four years. No Foundation Trustee or Co-opted Trustee may be an officer, director or employee of any appointing organisation.

Nominated Trustees

The Mary Ward Centre nominated Alison Lowton to serve as a Trustee from 3 December 2019 until 2 December 2023.

The University of the Arts, London nominated John Parmiter to serve as a Trustee from 2 July 2018 until 1 July 2022.

The Working Men's College nominated Alexi Marmot to serve as a Trustee on 3 September 2020 until 2 September 2024 (the previous Working Men's College nominated trustee retired on 17 June 2020).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

Co-opted Trustees

The Trustees utilise both online advertisement and, if required, the services of a trustee recruitment specialist to recruit additional co-opted Trustees as required. Recently appointed co-opted Trustees Adrian Capps (appointed 21 April 2020) and Darius Pocha (appointed 27 September 2021) each bring specialist expertise to the Board of Trustees. New Trustees are provided with a paper-based induction and induction meeting(s), in the latter case the number dependent on their expertise and personal requirements. The three co-opted Trustees with terms expiring in October 2020 were formally reappointed for a second term during the Annual General Meeting (December 2020).

In order to maintain Board numbers and continuation of knowledge, the Trustees shall retire through a staggered arrangement. Commencing from the first meeting of the Trustees in the *third* calendar year following incorporation of the charity, and each year thereafter, one Foundation Trustee and one Co-opted Trustee must retire from office. However, if Trustee resignations have occurred during the year, prior to term end dates, further staggered retirements as above can be delayed to ensure continuation of knowledge within the Board.

The Trustees usually meet four times per year but meet more frequently should the business of the Foundation require it. General practice is that the Chair is appointed during the first meeting of the calendar year for a period of three years, and a Vice Chair for a period of two years, rotating between the Trustees.

Management

Trustees appointed a Foundation Secretary & Grants Manager from December 2017 to provide administrative services. MHA MacIntyre Hudson has been appointed as accountant and Independent Examiner and this is reviewed annually. The Trustees have appointed CCLA Investment Management Limited (COIF Trustees) to manage investments. The Trustees obtain legal, insurance and valuers' advice as necessary.

Key Management Personnel

The Trustees consider the Board of Trustees and the Foundation Secretary & Grants Manager as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in the accounts.

Trustees are required to disclose all relevant interests and register them with the Foundation Secretary & Grants Manager and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises.

The salary of the charity's Foundation Secretary & Grants Manager is reviewed annually. The remuneration is bench-marked with grant-making charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Objectives and activities

The charity's objects, as per its Memorandum and Articles of Association, are specifically restricted to advancing the education (including social and physical training) of students:

1. who reside in the Greater London area or study in the Greater London area but reside elsewhere; and
2. primarily but not exclusively who may suffer disadvantage by reason of pregnancy, childbirth, caring or parenthood, with a preference for education in the subjects of art and design.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

The Trustees have powers to:

1. award scholarships, bursaries, maintenance allowances or grants tenable for the benefit of students at any educational establishment approved by the Trustees;
2. provide financial assistance, tools, instruments or books to assist students to pursue their education, to undertake travel, or to prepare for or enter a profession or occupation on graduation;
3. make grants to educational institutions which provide facilities for promoting the education of students;
4. make grants to educational institutions to support students (including prospective students) who by reason of pregnancy, childbirth, caring or parenthood suffer disadvantage.

To direct the majority of its income to its purpose, the Trustees invite applications once each year from selected educational organisations for projects which seek to enhance and facilitate education in the arts provided to those residing or studying within the Greater London area. Monitoring reports on all bids are required to be submitted one year following the award. This allows Trustees to assess the impact and benefit of the grants allocated.

Strategic Planning

The Foundation's strategy and policies are reviewed at Board meetings and through setting key objectives for governance, administration, investment and grant making. Strategy Away Days are held at least every five years and provide a forum to reflect on the impact and future direction for the charity.

The first Strategy Away Day of the newly incorporated charity was held in October 2018, culminating in the creation and adoption of a Strategic Plan covering strategic priorities over the 5 years to 2024. The Strategic Plan is based around 6 key priorities and ambitions, alongside relevant strategic actions:

Partnership Working
Raising Awareness

Broadening Reach
Improving Knowledge Base

Defining Hardship & Barriers
Improving Sustainability

The Strategic Plan and its actions are reviewed at each Board meeting, with subgroups, actions and timescales assigned to each priority.

The Trustees have paid regard to the Charity Commission's guidance on public benefit when deciding on the Charity's activities for the year, details of which are set out below. Consideration was also given to meeting the public benefit during review of the charity's own objectives through the Strategic Plan.

Impact of Coronavirus Pandemic

The long-term effects of Covid-19 on the global market performance and the degree to which the RFSA investment assets with CCLA would be affected was yet to be fully realized at the time when the charity needed to fund its grants. In the shorter term, the larger cash proportion within the fund shielded the RFSA portfolio from the full impact of the market volatility.

The Trustee policy to award grants up to the value of expected income, to ensure the sustainability of the investment asset and future grant-making capacity of the charity, was closely upheld. This was particularly in light of the ongoing global coronavirus pandemic and impact on the world economy and investments. When making decisions in terms of how to fund grants, the trustees attempt to balance the increasing needs of students with the requirement to ensure long term financial sustainability.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

Achievements and Performance - Meeting the Public Benefit Requirement

Each June the Trustees review and approve grants for funding requests for the subsequent academic year (post financial year-end). These grant obligations, whilst not paid in advance, are recognized when the funding offers are made. For the forthcoming 2021-22 academic year, the Charity invited applications from nine educational institutions providing arts education to students studying or residing in Greater London. Seven proposals of a total value of £109,900 were received in May 2021. Anticipated income being a maximum of £70,000, the Trustees awarded grants as a percentage proportion for all institutions, to ensure transparency and in the absence of any rejected applications. Funds were awarded for hardship bursary funding only, allowing the RFSA to again concentrate on its core historical mission in the 2021-22 academic year.

From the applications, seven grants totalling £69,000 were agreed in June 2021. All these grants were to support students in financial hardship through the provision of bursaries, for example to cover tuition fees, equipment, books, and course materials. These bursaries seek to ensure continued access to education by students who otherwise might not be able to take up or continue their education, hence meeting the public benefit requirement.

The Queen's and William Atkinson Scholarships are usually awarded annually on merit to students at Central Saint Martins. These scholarships arise from the historic link between the Foundation (originally connected to an art school) and the College. In June 2021, the Trustees awarded prizes of £500 for the William Atkinson Scholarship and an increased award of £1,500 for the Queen's Scholarship, due to an additional donation from Her Majesty The Queen, in recognition of the difficult circumstances caused by the pandemic.

The charity does not currently carry out any fundraising activities or use any third parties to fundraise on its behalf.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Reserves and Investments Policy

The Trustees' historical reserves policy, adopted from the unincorporated charity, has been to use up to 50% of the invested fund (the unrestricted investment fund being c£2.6m), most of which is derived from the lease premium received in 2001, by the date at which the current lease to the investment property expires in 2022. In this context, grants paid have in the past exceeded the charity's income each year, including the 2019-20 academic year grants (paid upon receipt of grant claims in October 2020). Trustees made the decision not to follow this reserves policy during implementation of the new strategy. As part of the ongoing review and in light of the uncertain global financial impacts of the coronavirus pandemic, for the 2021-22 academic year Trustees have again awarded grants only up to the value of anticipated annual income, including any unclaimed grant awards from the previous academic year.

The Trustees' investments policy was also adopted from the unincorporated charity following incorporation. Trustees have made the decision to move away from the previous investments policy as it is no longer in line with the future direction of the charity and its newly adopted Strategic Plan.

The unrestricted investment fund of £2.6m is currently managed by CCLA, fund managers selected for their experience of managing charitable funds and understanding of ethical and responsible investment. The funds are invested in the COIF Charities Ethical Investment Fund, which aims to provide a long-term total return comprising growth in capital and distributions. The fund has a risk rating of 3 out of 7, which is a medium-low, below average risk class. The COIF Ethical Investment Fund return for the year from 1 August 2020 to 31 July 2021 is in line with Trustees' expectations, given the unprecedented circumstances. Performance of the fund was close to that of overall global markets, with the return ranked 25th out of 359 general fund managers (as ranked by Citywire). As part of the ongoing strategic development, the charity's reserves and investments policies are currently under review, to ensure they are supportive of and appropriate to the future direction of the charity.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

Financial review

Dividends from the holdings in the COIF ethical investment units and interest on the income in the COIF deposit fund continue to be received quarterly (approximately £73,000 per annum). The Foundation's investment assets in property and common investment funds are held for the purpose of generating income which can be distributed as grants towards the Foundation's charitable purposes. The grants are made at the discretion of the Trustees and are not intended to bind the Trustees to awards in any subsequent years. Other expenditure relates to administrative and professional fees as required, where such costs are kept to a minimum. The overall income for the 2020-21 year was £96,111 and the overall expenditure was £101,571. Unrestricted funds of £12,562,000 (2020: £10,878,841) were held at the year-end.

Risk Management

The Trustees have in place a risk policy: they manage risk actively throughout the year and undertake a full risk review on an annual basis, to discuss systems of risk mitigation and best practice in respect of these risks. The principal risks faced by the Charity lie in the performance of investments and operational risks from ineffective grant making and the capacity of the charity to make effective grants. The Trustees consider variability of investment returns to constitute the charity's major financial risk. This is mitigated by retaining expert investment managers and having a diversified investment portfolio.

Future Activities

Following the ongoing impacts of the global covid-19 pandemic and associated financial uncertainty, the charity will continue its grant giving in 2021/22 at the level of estimated income, whilst the Trustees adopt the new strategy and undertake a full review of the reserves and investments policy during the 2021-22 financial year.

The Trustees also anticipate there to be some future legal and other costs related to the preparation of the property asset for marketing, in anticipation of the lease surrender by the current tenant in 2022. These costs have been professionally estimated and prepared for within the cash flow budget.

The Trustees will continue to work towards achievement of the six strategic priorities, as set out in the recently adopted Strategic Plan. Review of the charity's reserves and investments policies will in part be dictated by the future use outcome of the charity's primary investment asset, the property at Queen Square. As the trustees prepare for the end of the current property lease and vacation by the tenants, professional advice has been employed to determine the most beneficial outcome for the asset. This will determine the type and level of future investment assets and income, which can be utilised by the charity to best achieve its strategic aims and public benefit requirements.

This report has been prepared taking advantage of the small companies' exemption of the Companies Act 2006.

Approved by order of the members of the board of Trustees and signed on their behalf by:



Lora De Felice

Date: 7th March 2022

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INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 JULY 2021

Independent examiner's report to the Trustees of The Royal Female School of Art Foundation ('the Charitable Company')

I report to the charity Trustees on my examination of the accounts of the Charitable Company for the year ended 31 July 2021.

Responsibilities and basis of report

As the Trustees of the Charitable Company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Charitable Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Charitable Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

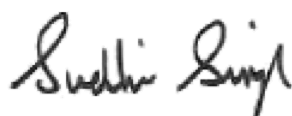
Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Charitable Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:



Dated: 17 March 2022

Sudhir Singh FCA

MHA MacIntyre Hudson, Chartered Accountants, 6th Floor, 2 London Wall Place, London, EC2Y 5AU

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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2021**

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Donations:				
Queens prize		1,000	1,000	500
Investments	3	95,111	95,111	93,999
		<u>96,111</u>	<u>96,111</u>	<u>94,499</u>
Total income				
Expenditure on:				
Charitable activities	4	101,571	101,571	94,084
		<u>101,571</u>	<u>101,571</u>	<u>94,084</u>
Total expenditure				
Net (expenditure)/income before net gains on investments		(5,460)	(5,460)	415
Net gains on investments	10	354,898	354,898	24,015
		<u>349,438</u>	<u>349,438</u>	<u>24,430</u>
Net movement in funds before other recognised gains				
Other recognised gains:				
Gains on revaluation of fixed assets	9	1,333,721	1,333,721	-
		<u>1,683,159</u>	<u>1,683,159</u>	<u>24,430</u>
Net movement in funds				
Reconciliation of funds:				
Total funds brought forward		10,878,841	10,878,841	10,854,411
Net movement in funds		1,683,159	1,683,159	24,430
		<u>12,562,000</u>	<u>12,562,000</u>	<u>10,878,841</u>
Total funds carried forward				

The Statement of financial activities includes all gains and losses recognised in the year.

In 2019/20 all income and expenditure was allocated to / from the Unrestricted fund.

All income and expenditure derive from continuing activities.

The notes on pages 11 to 22 form part of these financial statements.

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
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REGISTERED NUMBER: 10388335

BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	10	2,614,659	2,295,261
Investment property	9	10,000,000	8,666,279
		<u>12,614,659</u>	<u>10,961,540</u>
Current assets			
Debtors	11	18,619	18,418
Cash at bank and in hand		81,525	74,376
		<u>100,144</u>	<u>92,794</u>
Creditors: amounts falling due within one year	12	(152,803)	(175,493)
Net current liabilities		<u>(52,659)</u>	<u>(82,699)</u>
Total net assets		<u><u>12,562,000</u></u>	<u><u>10,878,841</u></u>
Charity funds			
Unrestricted funds		12,562,000	10,878,841
Total funds		<u><u>12,562,000</u></u>	<u><u>10,878,841</u></u>

The Charitable Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

..... 
Lora De Felice

Date: 7th March 2022

The notes on pages 11 to 22 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	13	(123,462)	<i>(160,871)</i>
Cash flows from investing activities			
Investment income		95,111	93,999
Proceeds from sale of investments		35,500	100,000
Net cash provided by investing activities		130,611	193,999
Change in cash and cash equivalents in the year		7,149	33,128
Cash and cash equivalents at the beginning of the year		74,376	41,248
Cash and cash equivalents at the end of the year	14	81,525	74,376

The notes on pages 11 to 22 form part of these financial statements

THE ROYAL FEMALE SCHOOL OF ART FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

1. General information

The Royal Female School of Art Foundation is an incorporated Charity and is registered with the Charity Commission (Charity Registered Number 1169925) and Registrar of Companies (Company Registration Number 10388335) in England and Wales.

In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company.

The address of the registered office is given in the Charitable Company information on page 1 of these financial statements.

The nature of the Charitable Company's operations and principal activities are providing financial assistance in the form of grants, bursaries, and maintenance allowances to assist students with their education in the fields of art and design.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Royal Female School of Art Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in sterling which is the functional currency of the Charitable Company and rounded to the nearest pound.

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

2.2 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern for the foreseeable future.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.3 Income

All income is recognised once the Charitable Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy, the investment income is reported net of these costs. Costs are recognised on a gross basis when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the Charitable Company's right to receive payment is established.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charitable Company's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charitable Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.7 Investment property

The investment property is measured at fair value at each reporting date. Fair value is attributed on the basis of a yield on the rental income which is based on a surveyors' estimate. No value is attributed to the underlying land. The Trustees review this valuation annually with any changes in the fair value being recognised under the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

2.8 Operating leases

Rents received under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.9 Debtors

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

2.10 Cash at bank and in hand

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

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charitable Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.12 Financial instruments

The Charity holds basic financial instruments. The financial assets and financial liabilities of the Charity are as follows:

Financial assets - accrued income is classified as a basic financial instrument and debt instrument measured at amortised cost as shown in Note 11. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Investments - all investments are classified as basic financial instruments and held at their fair value.

Financial liabilities - accruals and grants payable are classified as basic financial instruments, and are measured at amortised cost as shown in Note 12.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.13 Pensions

When employees have rendered service to the charitable company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charitable company offers a stakeholder pension scheme which is open to all employees. Employer contributions are charged to the Statement of Financial Activities in the period in which they are incurred.

2.14 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

3. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Property rental income	21,411	21,411	21,411
Listed investments - dividend income	73,687	73,687	72,421
Bank interest	13	13	167
Total 2021	<u>95,111</u>	<u>95,111</u>	<u>93,999</u>
<i>Total 2020</i>	<u>93,999</u>	<u>93,999</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

4. Analysis of expenditure on charitable activities - by type

	Grant funding of activities 2021 £	Support costs 2021 £	Total funds 2021 £
Charitable activities	68,954	32,617	101,571

	<i>Grant funding of activities 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Charitable activities	61,119	32,965	94,084

Analysis of support costs

	Activities 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	23,159	23,159	21,963
Sundry expenditure	2,458	2,458	1,474
Governance costs	7,000	7,000	6,899
Professional fees	-	-	2,629
	32,617	32,617	32,965

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

5. Governance costs

	2021 £	<i>2020</i> £
Independent Examiner's remuneration - Examination of the financial statements	6,000	<i>5,000</i>
Under accrual of prior year accounts preparation fees	1,000	<i>1,899</i>
	<u>7,000</u>	<u><i>6,899</i></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

6. Grants payable

	2021 £	2020 £
Grants to institutions		
Working Men's College	4,000	3,720
Mary Ward Centre	14,000	13,200
Morley College	11,000	10,740
Birkbeck College	8,000	7,200
City Literary Institute	-	3,000
City & Guilds of London Art School	6,000	6,000
University of the Arts London	21,000	21,000
AAD School London Metropolitan University	5,000	4,200
Grants authorised in previous years but not taken up	(2,046)	(9,441)
	66,954	59,619
Grants to individuals		
Queen's Scholarship	1,500	1,000
William Atkinson Scholarship	500	500
	2,000	1,500
	68,954	61,119

During the year two grants (2020 - two grants) were made from the Queen's Scholarship fund and one grant (2020 - one grant) from the William Atkinson Fund.

Grant awards are made by the Charity for in-house projects and also for allocation to individual students. The awards are summarised above by reference to each institution/college.

The University of the Arts London includes: Central Saint Martins, London College of Fashion, London College of Communication, Camberwell College of Arts, Chelsea College of Arts and Wimbledon College of Arts.

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NOTES TO THE FINANCIAL STATEMENTS
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7. Staff costs

	2021 £	2020 £
Wages and salaries	20,799	20,200
Social security costs	1,712	1,148
Contribution to defined contribution pension schemes	648	615
	<u>23,159</u>	<u>21,963</u>

The Charitable Company contributes to its staff member's pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension costs charge represents contributions payable by the charitable company to the fund and amounted to £648 (2020 - £615).

The average number of persons employed by the Charitable Company during the year was as follows:

	2021 No.	2020 No.
Employees	<u>1</u>	<u>1</u>

No employee received remuneration amounting to more than £60,000 in either year.

The Trustees consider the Board of Trustees and the Foundation Secretary & Grants Manager to be the Key Management Personnel of the Charitable Company. Total remuneration received by Key Management Personnel was £23,159 (2020 - £21,963).

8. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 July 2021, no Trustee expenses have been incurred (2020 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

9. Investment property

	Freehold investment property £
Valuation	
At 1 August 2020	8,666,279
Surplus on revaluation	1,333,721
	<hr/>
At 31 July 2021	10,000,000
	<hr/> <hr/>

The Trustees have reassessed the valuation of the property based on discussions with property experts and examination of the local market. Based on these discussions, the Trustees consider a reasonable estimate of the fair value of the property as at 31st July 2021 to be £10 million.

10. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 August 2020	2,295,261
Disposals	(35,500)
Revaluations	354,898
	<hr/>
At 31 July 2021	2,614,659
	<hr/> <hr/>
Net book value	
At 31 July 2021	2,614,659
	<hr/>
At 31 July 2020	2,295,261
	<hr/> <hr/>

The CCLA investment management costs cannot easily be identified as investments are held in a "pooled fund", and hence are not disclosed as costs of raising funds, however the 'ongoing charges figure' for the Ethical Fund for the year ended 31 July 2021 was 0.6% of capital value.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

11. Debtors

	2021 £	2020 £
Due within one year		
Prepayments and accrued income	18,619	18,418
	<u>18,619</u>	<u>18,418</u>

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	535	28
Other creditors	1,408	405
Accruals	6,000	5,000
Grant commitments	144,860	170,060
	<u>152,803</u>	<u>175,493</u>

13. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per Statement of Financial Activities)	349,438	24,430
Adjustments for:		
Net gains on investments	(354,898)	(24,015)
Investment income	(95,111)	(93,999)
(Increase)/ decrease in debtors	(201)	318
Decrease in creditors	(22,690)	(67,605)
Net cash used in operating activities	<u>(123,462)</u>	<u>(160,871)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

14. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	81,525	74,376
Total cash and cash equivalents	81,525	74,376

15. Analysis of changes in net debt

	At 1 August 2020 £	Cash flows £	At 31 July 2021 £
Cash at bank and in hand	74,376	7,149	81,525
	74,376	7,149	81,525

16. Income from operating leases

The Charity leases their investment property to Mary Ward Settlement. The property is leased on a full repairing lease for a term of 20 years from 1 August 2002. A rent review was undertaken in August 2012 and the rent receivable set at £18,995 p.a. A rent review was undertaken in August 2017 and the rent receivable from that date was £21,411 p.a.

At 31 July 2021 the total of the Charity's future minimum lease receipts under non-cancellable operating leases was:

	2021 £	2020 £
Amounts receivable		
Within 1 year	21,411	21,411
Between 1 and 5 years	-	21,411
	21,411	42,822

Income for the year from the operating lease of the investment property is disclosed in Note 3.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

17. Related party transactions

During the year the RFSA gave grants to a number of organisations that have nominated Trustees to the charitable company.

	2021 £	2020 £
Alison Lowton - nominated by the Mary Ward Settlement	14,000	13,200
Alexi Marmot - nominated by the Working Men's College	4,000	3,720
John Parmiter - nominated by the University of Arts London	21,000	21,000
	<hr/> 39,000 <hr/>	<hr/> 37,920 <hr/>

In addition, the Mary Ward Settlement leases the Charity's property on terms set out in Note 16.

Alison Lowton is a Trustee nominated by the Mary Ward Settlement (MWS), the Mary Ward Settlement leases the Charity's property. The MWS Nominated Trustee is not privy to any information or discussion related to the property asset. Trustees are required to complete a Declaration of Interest form prior to appointment. Should any potential conflict of interest arise, Board members follow the Board policy and will seek professional advice if necessary, and vote on whether and to what degree to exclude that Trustee from information, discussion and voting on that issue or item.

The Trustees have taken proper action for transactions relating to the payment of grants to be carried out on an at 'arms length basis' through the use of a conflict of interest policy.